



# PETS International

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## All that is small

Pet lovers opting for smaller pets brings new opportunities.

## Sourcing ingredients

Drivers, challenges and new demands.

## Premium and wet pet food

Treats, toppers and other trends in a dynamic market.



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## All that is small

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## Premium and wet pet food

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# Small animals and much more!

This issue covers a lot of different subjects and trends, so I will just focus on the most important ones here.

Firstly, we all know that coral reefs are in serious trouble and require protection. Therefore, it is important that coral for aquaria is produced as sustainably as possible at coral farms. Unfortunately, Indonesia has now banned coral farms. The question is, what are the consequences and the alternatives? Find out more on page 26 in this edition.

Small animals is a growing pet segment amongst millennials. In this issue, we explore which new trends are being driven by this group of young consumers.

In a paper called 'Towards a more sustainable food supply', the European Union suggests that sustainable agriculture will provide the main foundation of food supply by 2040. This will also have an impact on sourcing pet food ingredients. On the other hand, we are also faced with a new marketing buzz phrase, 'boutique pet food', which means that we are looking around for novel ingredients.

All these developments illustrate that sourcing ingredients demands professional expertise.

As we all know, there are a few countries where the pet market is set to seriously expand in the years to come. One of these markets is South America – and especially Brazil, which is in the spotlight this issue.

Lastly GlobalPETS Forum 2019, with the theme 'The changing face of pet retail', will soon be held in Amsterdam (23-25 January 2019). From page 62 you will find a preview of the next edition, and some of the keynote speakers have written an introduction to the topic they will each be presenting. This issue of the magazine also includes an insert containing more details about the programme, et cetera. And don't forget that the GlobalPETS Forum Award is a prestigious industry prize! We present to you the nominees, who are all hoping to win the honour of the 2019 award.



Corine van Winden, CEO



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# HEALTHY FOOD FOR DOGS & CATS



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**Health and wellness**

**Pet wearables**

Technical innovation

(e)retail

Humanisation

**Food formulation**

Dog yoga

**India**

**Pet care**

Startups

Upcoming issue | Advertising deadline: 26 October 2018 | Publication date: 23 November 2018

Contact head office (see page 88) or local representatives (see page 87).



### AusPet

19 to 21 October,  
Broadbeach, Queensland, Australia

[auspet.net.au](http://auspet.net.au)

### India International Pet Trade Fair

26 to 28 October,  
NSIC Exhibition Centre, New Delhi, India

[iiptf.com](http://iiptf.com)



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Correspondence may be edited for clarity or length.

### IQI moves forward with a new CEO



Since 1994, IQI has carved out a name for itself as a trusted supplier of premium pet food ingredients. Entrepreneurship and innovation have always been at the heart of the company – and if it is up to founder Sven Gravendeel, it will be for years to come. Now stepping aside

as the company's chief executive, he will focus all his attention on business development.

On 1 September, Patrick van der Kleij started as new CEO. Coming from SARIA International, the market leader in the processing of animal products, he has been commercially responsible for the SARIA Group for almost seven years. He has done business with the world's leading pet food manufacturers. Add to that his years at Cargill and his experience in the area of vitamins and fish oils, and a smooth transition can be expected. Patrick will form the Executive Board together with CFO Arjan Zwolle.

### Fressnapf | Maxi Zoo opens 1,500<sup>th</sup> store



It was only 29 years ago that Torsten Toeller opened the first 'Freßnapf' store in the North Rhine-Westphalian town of Erkelenz, Germany. This store is still open today – and it even has the same store management as in 1990. Nevertheless, Fressnapf | Maxi Zoo has experienced a great deal in nearly three decades.

Today the group is represented in eleven European countries and generates approximately €2 billion (\$2.5 billion) in turnover each year with pet food and accessories. And the next milestone is right around the corner: the opening of the 1,500<sup>th</sup> store in Europe. The exact location of this store will remain a secret until mid-October. However, Fressnapf | Maxi Zoo is already starting the festivities for its customers – from Denmark to Italy – in another European-wide campaign with the slogan: '1,500 Fressnapf | Maxi Zoo stores in Europe. Celebrate with us and save!'



### Dieter Zopf new VP Sales of Middleby Pet Food Processing

Middleby Food Processing and Packaging has named Dieter Zopf as its new Vice President Sales for its Middleby Pet Food Processing division. Zopf will be responsible

for leading global sales and project management for the pet food division.



**Zooplus: continuation of growth path in first half 2018**

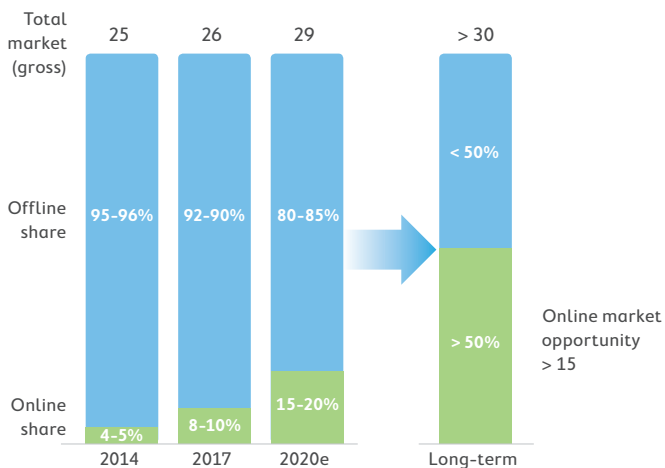


Zooplus, Europe’s leading online retailer of pet supplies, consistently followed its growth path in the first six months of the 2018 financial year. Sales increased by 24% to €643 million (\$750 million) in the first half of 2018 compared to the same period of the previous year (H1 2017: €517 million (\$604 million) / +21%).

Business with private label food and litter grew disproportionately with sales in this segment growing by 37% versus the same period of the prior year. The aim is that private label will get a share of 20% of the total turnover.

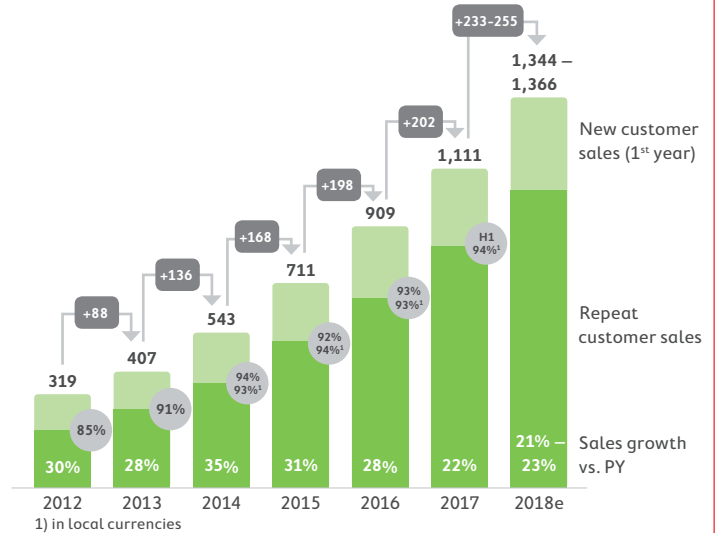
**Current online share and long-term hypothesis (€ bn)**

The online share is expected to continue to grow significantly during next years



Sales growth in the first six months of 2018 continued to reach double-digit levels in all 30 regional markets driven by the continued very high level of loyalty from existing customers along with a steady increase in new customers. The sales retention rate adjusted for currency effects in the first half of 2018 reached 94%, while the number of registered new customers increased by 16% compared to the same period of the previous year. Earnings before taxes (EBT) of €-9.2 million (\$-10.75 million) were impacted by a strong focus on investment (H1 2017: €5.1 million / \$6 million), but improvement is expected in the second half of the year.

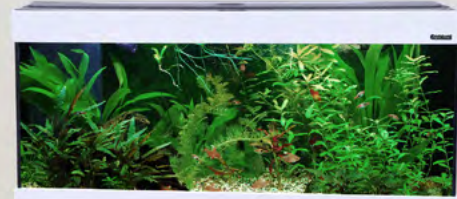
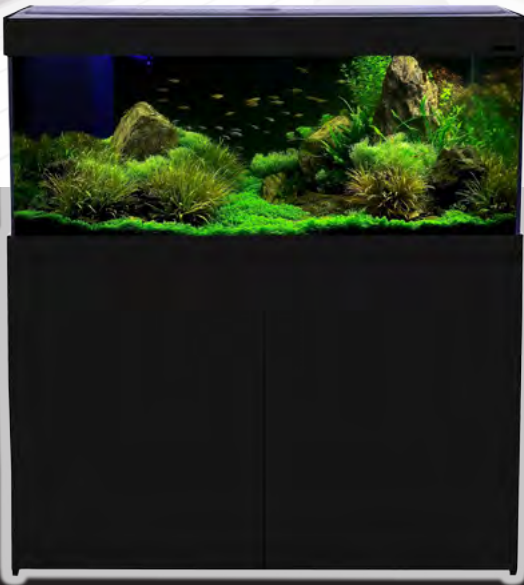
**Loyal customers are the core base of zooplus’ growth path – H1 sales retention rate at 94%**





# Aquatica

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<b>Aquatica 160</b> (Black or White)	160L	90W x 40D x 55+80cm H	8mm	37W LED	Integrated filter includes mechanical, chemical and biological media	200W	720 L/hr (Moray 480)
<b>Aquatica 240</b> (Black or White)	240L	120W x 45D x 55+80cm H	8mm	42W LED	Integrated filter includes mechanical, chemical and biological media	300W	1100 L/hr (Moray 1300)

**Aqua One China Co. Limited**

For all enquiries please contact us at [sales@aquaone.com.hk](mailto:sales@aquaone.com.hk)

“As an international member, the insights APPA provides into the U.S. market have been invaluable to our strategy and planning. Global Pet Expo is the best trade show to meet customers under one roof.”

Stephen Turner  
Group55



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**Massive investment in US pet industry signals new growth stage**

In a deal valued at \$1.9 billion (€1.6 billion), J.M. Smucker acquired Ainsworth Pet Nutrition, maker of dog food brands including Rachael Ray Nutrish and Walmart’s Pure Balance private label. General Mills snapped up Blue Buffalo for approximately \$8 billion (€6.8 billion). PetSmart doled out \$3.35 billion (€2.86 billion) for Chewy.com.

Mars bought leading US veterinary hospital operator VCA for approximately \$9.1 billion (€7.8 billion). Elanco, a subsidiary of Eli Lilly and Co., subsumed the US feline, canine and rabies vaccines portfolio of Boehringer Ingelheim Vetmedica (BIVI) for \$885 million (€757 million). Olympus Partners purchased Petmate Holdings Co. from private equity firm Wind Point Partners for an undisclosed, yet no doubt tidy, sum. Tractor Supply Co. acquired pet specialty retail chain Petsense for \$116 million (€99 million).

That amounts to upwards of \$23 billion (€19.6 billion) in pet industry investment in the past two years and, of the dozens of deals occurring during that period, these are but a handful of the most impressive. Moreover, as of mid-2018, more big deals are likely on the horizon.

In July, for example, *The Wall Street Journal* reported that Nestlé Purina is interested in acquiring Champion Petfoods, maker of the super-premium Acana and Orijen pet food brands.

**Zooplus opens web supermarket**

Zooplus has opened a web supermarket including food for humans under the name Zoobee. For the time being Zoobee works in Germany only but, given the company’s deep knowledge of doing business internationally, an international rollout does not seem to be out of the question. The newly opened web shop sells items such as coffee, tea, pastries, toilet paper and nappies, but also pet food. Delivery costs are not charged for orders of €29 (\$34) or more. Orders are home-delivered by DHL.

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\* Kynetec VetTrak Sales Data, MAT values (July 2018).

\*\* Study conducted by the Royal Veterinary College. Data on file

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# 30<sup>th</sup> Anniversary

As it continues to mark its own three decades in the pet industry, PETS International looks at some of the most interesting developments in the pet food sector. And how have two other organisations that have existed for at least 30 years (and twice that!) evolved over time?



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# 30 Years of pet food

## Buzz words, hypes and trends



**In this 30<sup>th</sup> anniversary year, we are taking a look at a number of important topics for the pet food industry. The main driver of the pet industry has gone through major developments in the past three decades.**

### **Health and humanisation**

Thirty years ago, the industry was less complicated than it is today. In the early nineties you simply had wet and dry. With the expectation that the market would double in ten years' time – which indeed happened. Probiotics added to pet food and snacks was a new phenomenon, with the health claims that went with it.

Around 2000, the humanisation trend became a serious source of inspiration. From that moment onwards, a range of innovations entered the pet market. Words as: holistic, natural, organic and functional were popping up everywhere, hand in hand with claims to match.

### **Grain-free nutrition**

According to GfK's findings, more than half (53%) of all new pet food items are now grain-free. However, the category still accounts for just 39% of overall sales. This means that healthy revenue growth should continue, with abundant SKUs and variations on this theme.

### **Limited-ingredient diets**

Pet owners have also embraced limited-ingredient diets (LID). Initially, these were created to ease food allergies in pets, but the transparency of knowing exactly what their four-pawed companions are consuming is also a big plus for doting owners – a benefit that is helping to drive further LID success. In the past year, sales of LID items have risen by 6%.

### Seasonal treats and foods

The seasonal category has been a hub for innovation and is attracting all-important millennial pet owners with its focus on customisation and shared pet/human moments.

### Small portions

Products for small and toy breeds represent another strong sector. As urbanisation continues, young people are resisting the move to the suburbs, making smaller dogs the smarter choice for more and more owners.

### Raw diets

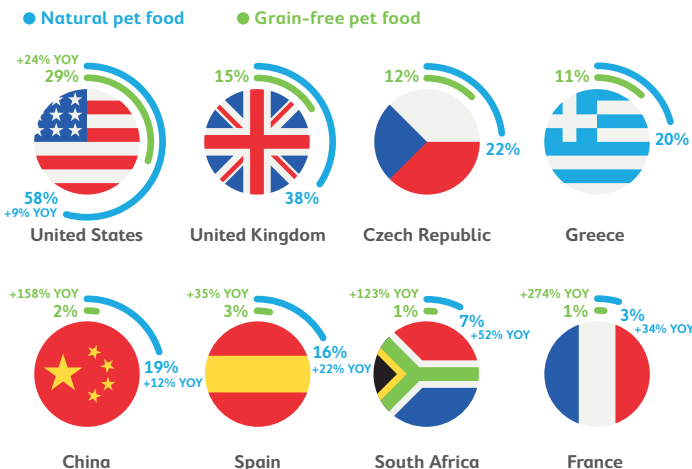
There were probably no truly declining categories or brands in 2017. Sales in frozen are still recovering from the raw frozen recalls in 2015, and some stores may have already increased the space they can devote to frozen products. But this can be said to be a stable situation rather than any kind of real downturn. At the same time, freeze-dried and dehydrated raw alternative options continue to grow rapidly in the marketplace – especially popular as mixers and toppers or in the kibble-plus format.

### Sustainability

There is no doubt that the natural trend will continue to shape and expand our pet vocabulary, but we expect the emphasis to be more on the food's preparation and branding, rather than actual ingredients. Associated buzzwords that do speak directly to ingredients are organic and non-GMO, which have also become popular labels and benefits for human food. These terms suggest environmentally-friendly farming methods and avoidance of pesticides, non-natural fertilisers or chemicals. In other words, the purest and most natural ingredients and conditions possible, preferably produced locally.

### Natural and grain-free pet food 2015

\$ share % and year-over-year (YOY) growth of natural and grain-free categories 2015



Source: GfK Point of Sales (POS) Tracking, 2015

In different ways, sustainable and family-owned labels suggest a home-grown approach, environmentally-friendly practices, local sourcing and the comfort of familiar brands. Humane food also helps pet owners have a clear conscience, indicating that protein sources were ethically raised and treated (for example free-range and cage-free conditions).

There will be new protein sources in the years to come, such as seaweed, insects, et cetera.

### Pet food recalls

In the past 30 years, the rules and regulations in this sector have been tightened but there are, of course, product recalls from time to time. Big recalls like:  
 1999: Aflatoxin  
 2005: Aflatoxin  
 2007: Melamine  
 2008: Salmonella  
 ... are hopefully now a thing of the past. ♦

Thanks to GfK



**Corine van Winden**  
 CEO, PETS International  
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# Staying abreast of the times!



**Aquael has been providing its customers with up-to-date pet equipment and accessories for 33 years.**

## From one man to 650 employees

The story began in the autumn of 1984, when Aquael was founded by Bogumiła and Janusz Jankiewicz, the owners. The company has come a long way since then. It now consists of three production plants with a total area of 30,000 sqm, 650 employees and the very latest technology. Determination and persistence, plus an unwavering pursuit of continuous development, have made it the leading and well-respected company it is today.

## Comprehensive range of products

Company brands include Aquael, Aquaszut, Comfy, Pet Inn and Diversa. Customers can choose from a comprehensive range of products to create and maintain aquariums and decorative garden ponds, but also from products for dogs, cats and other pets. Their retail network consists of 38 stores. Experienced teams of employees, specialised tool-rooms and well-equipped production lines, plus a global product distribution system, contribute to the company's success.

## Innovation

Aquael continues to surprise retailers and end users with innovative products. Visitors at Interzoo 2018 were introduced to advanced Ultramax aquarium filters boasting a pollution indicator integrated with a smartphone application. Other novelties included multifunctional energy-saving Maxi Kani filters, fully electronic high precision Ultraheater and Platinum water heaters, and the stylish Glossy Marine set for large marine aquariums. Recently launched: the world's first fully safe aquarium sets, designed to prevent water spillage even if a tank wall gets cracked.

## User-friendly

Aquael products are increasingly economical and user-friendly. This includes LED lighting and energy-saving eco pumps. With high-quality products at reasonable prices they make every effort to ensure that both the product and the production process are environmentally friendly. ♦

♦ **Aquael Janusz Jankiewicz Sp. z o.o.**  
info@aquael.pl  
aquael.com

## Important milestones

- 1984** Aquael founded by Janusz Jankiewicz
- 1995** Company moves to new Warsaw headquarters (a larger production plant)
- 1998** Opening of first production plant in Suwałki
- 2000-2002** Construction of new production plant in Suwałki
- 2002** Acquisition of Aquaszut brand
- 2005** Expansion of Suwałki plant to 11,000 sqm
- 2010** Creation of Comfy brand
- 2011** Acquisition of Pet Inn brand
- 2014** Construction of logistics centre in Suwałki
- 2018** Acquisition of Diversa brand



# Diamond anniversary of American Pet Products Association

The American Pet Products Association (APPA) is celebrating its 60<sup>th</sup> anniversary. PETS International interviewed APPA president Bob Vetere to discuss developments in the past 60 years and what he expects of the years to come.

## How it started

Sixty years ago, APPA was made up of a handful of small entrepreneurs and the pet industry was a far cry from what it is today – one of the largest retail segments in the US with pet spending now at an impressive \$69 billion (€59 billion) annually. APPA has come a long way, from seventeen members in 1958 to more than 1,200 members now, consisting of pet product manufacturers, their representatives, importers and livestock suppliers.

In the 1990s, the industry's distribution patterns changed and retailers became a huge driver in the process. This was another significant period of growth for APPA. Globalisation of the pet product industry had completely altered the

way business was being done. Around 2010, it became obvious that there was more risk-taking, and entrepreneurs were marketing innovations like never before. Consumer demand for products that make being a pet parent more enjoyable, while improving the pet's life, has been on the rise ever since.

By the time the association reached its 50<sup>th</sup> anniversary, the original name APPMA had been changed into APPA. This was done after careful consideration. The new name provided greater flexibility for the future, while maintaining continuity with the past.

It also communicated the association's mission more clearly, while appealing to a broader group. And it was far

easier to pronounce! The name change was a solid move in the association's efforts to adapt to a changing industry. It has served them well ever since in their role as leaders in the industry and thus the go-to organisation.

## Exhibition

Global Pet Expo (formerly known as the APPMA Show) has grown significantly from the first event in 1959 in Chicago.

Then it was just 75 booths – today, in Orlando, Florida, it is more than 3,500 booths over 352,300 net square feet (32,800 sqm) of exhibit space. The show became an annual event and was rebranded as Global Pet Expo nearly fifteen years ago. This better reflects the show's global significance.

### Online versus offline developments

The rise of e-commerce is reshaping the future of not only the pet industry. It is having an effect on all sectors and the way manufacturers are adjusting their business models. Not only the online shopping itself, but also the convenience of auto-replenishment programmes, free shipping and major companies entering the market are game changers. APPA is constantly working to provide their members with educational seminars, networking opportunities, research and events that help keep them up-to-speed with new trends, forecasts and current data that can help their companies be successful.

### International market versus the US market

While the US still dominates the pet market, there is remarkable growth in other countries and regions, including China, Thailand, India, Brazil and South America. This provides significant opportunities for company growth. The challenge for manufacturers is to understand and adjust to the unique cultural and business operational differences in each of those countries where they are seeking to expand their businesses. In order to assist in connecting manufacturers with buyers, APPA has continued to intensify its outreach to foreign buyers attending Global Pet Expo. One of the ways it has done this is by expanding the show's International Pavilion.



APPA president Bob Vetere

### The years to come

Continuing to focus on current consumer demands, shopping trends and product preferences will remain of the utmost importance as competition in the marketplace continues to grow. Having an understanding of the varying preferences of each buying demographic – from baby boomers and Gen X to millennials and the rising Gen Z – is also critical. Access to APPA's National Pet Owners Survey is an important member benefit that assists in understanding consumers and their purchasing habits. ♦



# Gosbi

## The very best from the beginning

Some years ago, producing natural gourmet pet food seemed like a risky bet. It wasn't that common to find natural recipes, without processed ingredients, by products or artificial preservatives. A product not being tested on animals was just a dream.

Today, experts say that all this is trendy, the path to follow for the companies. We just believed it was the best way to take care of our beloved dogs and cats. Now and from the beginning.







## All that is small

Dogs and cats move over! With living space becoming scarce in major cities, pet lovers are opting for smaller friends. Be they furry, scaly or feathery and preferably exotic. This new trend brings with it new and exciting opportunities for the pet industry.

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# Little pets, large care burden

**In space-starved city centres worldwide the popularity of smaller species is continuing to increase amongst pet lovers. But a new trend for small, exotic pets is raising concerns about animal welfare.**

## **Smaller spaces, smaller pets**

Downsizing dogs and opting for a cat instead of a dog have been ways in which pet lovers have been able to keep pets in ever-smaller living spaces in space-starved cities worldwide. However, a rising trend in owning exotic pets - such as birds, lizards, snakes, turtles and frogs - is creating deep concerns about the ability for pet owners to provide these animals with the proper care.

Take Hong Kong: the number of legally imported exotic animals more than doubled from 497,000 in 2012 to over a million in 2016. In addition, concerns are growing that illegally imported species and ones requiring highly specialist care are also being kept as domestic pets. In the UK, the number of people who own pet snakes, lizards, turtles and tortoises increased from an estimated 400,000 in 2008 to well over one million in 2014.

*As for small, furry species:  
they require premium food, space  
and social contact.*

It is estimated that around 4.7 million US households own a reptile and 6.7 million own a small animal (compared to 60.2 million with dogs and 47.1 million with cats). The animals might be small, the market is huge!

### Exotic as new trend

In the US and UK, small pets such as degus and chinchillas are especially popular amongst millennials living in smaller apartments. This is because people want 'something different'. Dogs can be noisy and large compared to a snake. Owners assume that a turtle will not move around as much as, for example, a cat. Yet, some turtles grow from a tiny 2 cm in length to 20 cm within two years and Leopard Geckos live up to 20 years! Acquiring such a pet is, therefore, a considerable investment.

Unfortunately, many pet owners are unknowing about the special needs of their unusual pets. This often results in the animals being abandoned or neglected: many need expert levels of care and husbandry that the pet owner is unable to offer.

### Ways the industry can meet small pet needs

The reptile product market's top two segments are food and treats, and enclosure heating and lighting. Indeed, the top reason such animals require veterinary treatment is when these key components are lacking. It is therefore important that the industry is able to respond by ensuring the availability of such products.

Suitable food is essential and it is a chance for the industry to ensure specific animal foods and treats are available for specialist diets. Fish, frogs and reptiles have all been shown to engage in play! Producers and retailers should offer pet

owners ideas and products for novel stimulation. Certain species need lots of room to explore and hide. A wide range of caves and hide-outs can be supplied in natural-looking stones and wooden log shapes, or ornamental styles. Leafy camouflage and rainforest canopy plants are not just beautiful in a home, but essential for the reptiles.

### Key role for retailers

Of course, a large enough vivarium is also essential. Retailers should be able to inform owners regarding the perfect size vivarium - with thermometers and lighting - for different types of reptiles. As for small, furry species: they require premium food, space and social contact. Rabbits are often sold with far too small hutches. For these and other, highly social species such as the squirrel-like Sugar Glider, owners must be prepared to spend time with them. This is not the pet of choice to be left at home in a cage, while the owner goes out to work.

Retailers have a major role to fulfil. By offering expert advice they can boost sales based on a strongly caring and welfare-friendly basis. It is our chance to show our added value as product experts: helping clients to adapt their homes to their new, much-loved, small and demanding pets. ♦



**Karen Wild**

Dog trainer and pet behaviourist  
info@pawprintpets.com  
pawprintpets.com



# Small animal trends

**From 'gateway pets' for children to 'fur kids' pampered by millennials; as the demand for small animals increases, so does the demand for tailored products.**

## **Best quality products for small friends**

As the demand for small animals grows amongst millennials, these pet parents are looking for prime products and services to pamper their rodents, rabbits, ferrets or other small, exotic animals. They expect the market to be as dynamic as it is for cats and dogs, and to catch up with the last trends.

## **Green and premium products**

Most small animals live for only a couple of years. Premature death often occurs if these animals are not fed properly. Reason why many pet owners are concerned about the quality and the origin of the pellets or hay they give their fur kids. Palm oil, cheap fillers, added sugar or toxic additives are all 'no goes'



*Many of these animals, including rabbits, ferrets and guinea pigs, need a lot of space.*

for their pets. Rather, they prefer to buy premium grain-free pellets for their herbivorous rabbits and guinea pigs and sugar-free pellets for their omnivorous rats or hamsters. And pet parents choose raw organic meat for their ferrets, rather than canned food or kibbles full of carbohydrates and vegetal proteins.

Even hay (considered as the most basic staple food) is subject to strict selection criteria. Some brands, such as the UK-based Oxbow company, offer different types of hay, for various needs and health issues: Timothy, alfalfa, meadow, botanical, oats, orchard and 100% organic grass hay.

Beyond food, pet owners are also looking for toys, houses and various cage accessories (bowls, tunnels, beds and more) made from natural, sustainable and non-toxic materials.

### Eco-friendly litters

Forget wood shavings. The pet industry offers several great alternatives for small mammals. Hemp and corn litters are dust-free and mostly organic. Cellulose is also considered safe and has the advantage of being very absorbent and very soft. Unfortunately, it comes at a premium price, which means that rodent parents sometimes prefer to buy soft shredded paper, which offers the same qualities.

This bedding is perfect for smaller rodents such as hamsters and gerbils who like to burrow. Lately, a number of brands, including ultra-premium Laboratoire Demavic, have launched mineral litter, made from diatomaceous earth powder (fossilised remains of diatoms, a type of micro-organism). It is extremely absorbent, acts as a mechanical and natural insecticide, and is biodegradable. Some brands are reportedly also working on a composite litter product, combining all the qualities demanded by pet owners: sustainable, low price, absorbent and organic.

### DIY habitats and beddings

Although small in size, many of these animals, including rabbits, ferrets and guinea pigs, need a lot of space. That is why in the US many owners are creating their own entirely modular and very spacious habitats, using grids from storage cubes and coroplast. According to these pet lovers, theirs' is the gold standard, and cages sold in pet stores are nothing less than 'glorified litter boxes'.

For the same reasons, DIY habitats, or cages made from customised IKEA furniture, are also very trendy for smaller rodents. The British brand Omlet has already latched on to this craze, with an elegant piece of contemporary furniture, made to house mice, gerbils or hamsters. It looks like a storage cabinet with two levels: the top level looks like a regular cage for feeding and exercising, whereas the bottom one is an extra deep tray - much like a plastic aquarium - for nesting and burrowing.

When it comes to bedding: many guinea pig owners now use a combination of washable fleece blankets placed on top of absorbent towels. Their goal is not only to offer more comfort, but also to avoid the traditional litters, often considered toxic or bad for the environment in terms of production and waste management. Let us hope the pet industry will catch up with these DIY trends and offer similar solutions that are ready to use. ♦



**Marie-Sophie Germain**

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Founded in 1994 as a small-mammal pet breeding company, Cunipic now also produces the best possible feed for pets, using only selected, highest-quality ingredients that meet all nutritional requirements. In this way the company guarantees pet owners a happy, healthier life for their pets.

### The secret of success

Small pets are the company's passion. There are three pillars on which the company's success is based:

- breed quality small pets
- find new solutions for improving pet well-being and nutrition
- inform and support pet owners in optimal pet care

### Customer support

Passion for pets is what drives Cunipic. It is this passion the company wishes to

pass on to pet owners. To do so, they have created a complete world around small pets. Whether it is a store owner or a pet owner, they can count on Cunipic to inform them how best to take care of their pets and providing them with the highest quality feed and care products. To best serve their customers, the company has a customer service phone and is actively present in all online and social media channels.

### Crossing borders

Since its founding, the company has grown to become the biggest supplier of small pets in Spain and the largest small animal breeder in Europe. It exports live animals to 12 countries (working mainly with chains).

In addition, it has its own brand of pet food that is sold in 31 countries, including Mexico, US, Panama, Portugal,

France, England, Poland, Germany, Romania, Czech Republic, Hong Kong and Singapore.

### New horizons – fresh, natural dog food

The company recently embarked on a new and ambitious project to produce and market highest quality, natural dog food. Based on the same philosophy that has made them successful in the small pet market, Cunipic now produces natural dog food that contains all beneficial properties for excellent dog health.

Just a few months after the official launch of this new dog food line, it is already available in Romania, Poland and Singapore. Other countries are soon to follow. ♦

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# Coral trade in peril

The recent ban on coral export by the Indonesian government is set to harm the existing reefs more than it will protect them.



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**Top Pets Ltd**  
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toppets.de

### Natural coral reefs under pressure

Yes, coral reefs worldwide are in serious trouble. This is due to a multitude of problems: ranging from climate change and ocean acidification to pollution and sedimentation. In fact, 'in peril' could just as well be used to describe the situation for the whole reef biotope. The recent ban on trade in farmed coral may very well turn out to be yet another nail in the coffin for the reefs.

### Indonesian ban on coral export

In May this year, the Indonesian government shocked the global ornamental marine trade by shutting down all export of coral in a sudden blanket ban. For the import market - who used to get 50-60% of their coral supply from Indonesia - the effect has been grave. The real loser is, however, the mariculture and export industry in Indonesia itself. Employing an estimated 12,000 people, in mainly coastal communities with few other employment options, the industry has been severely hit. Already around half the jobs in the industry have gone and export sales have plummeted.

The reason for the ban remains a mystery. No official reason has been given. Unofficially, reasons abound: from the need to renew health certificates, problems with wild coral being passed off as farmed, the inability to synchronise regulations between various ministries, to the ban being part of a five-year review of natural resources management.

### The conservation issue

The importance of coral reefs is widely recognised, and there are plenty of good and valid reasons for protecting and managing them, but it is disputable whether closing down an important industry for coastal communities is the best way to go.

In fact, coral farms in Indonesia offer many benefits to sustainability and coral reef conservation. The Indonesian Nature Foundation LINI lists a few:

- Teaching communities the economic and conservation value of coral reefs, encouraging them to better manage their coastline.
- Creating new areas of reef habitat that support many other species of invertebrate and fish.
- Teaching workers conservation techniques that can be used to help restore natural reef.
- Providing livelihood opportunities in remote communities where people otherwise might have undertaken destructive practices to generate income.
- Placing farmed corals back onto natural reefs for restoration purposes.

The export ban is rapidly killing all sustainable reef farming and long-term natural reef conservation efforts. Importing countries may be able to ride the storm, by choosing alternative sources.

However, in the long term, it is questionable whether the industry can afford to lose this proven sustainable supply that has both livelihood and conservation benefits, and which reflects positively on the whole trade and hobby.

Should the ban be lifted before irreversible damage has been caused, importers must be prepared to do their utmost to help the Indonesian reef farming industry back on its feet. ♦



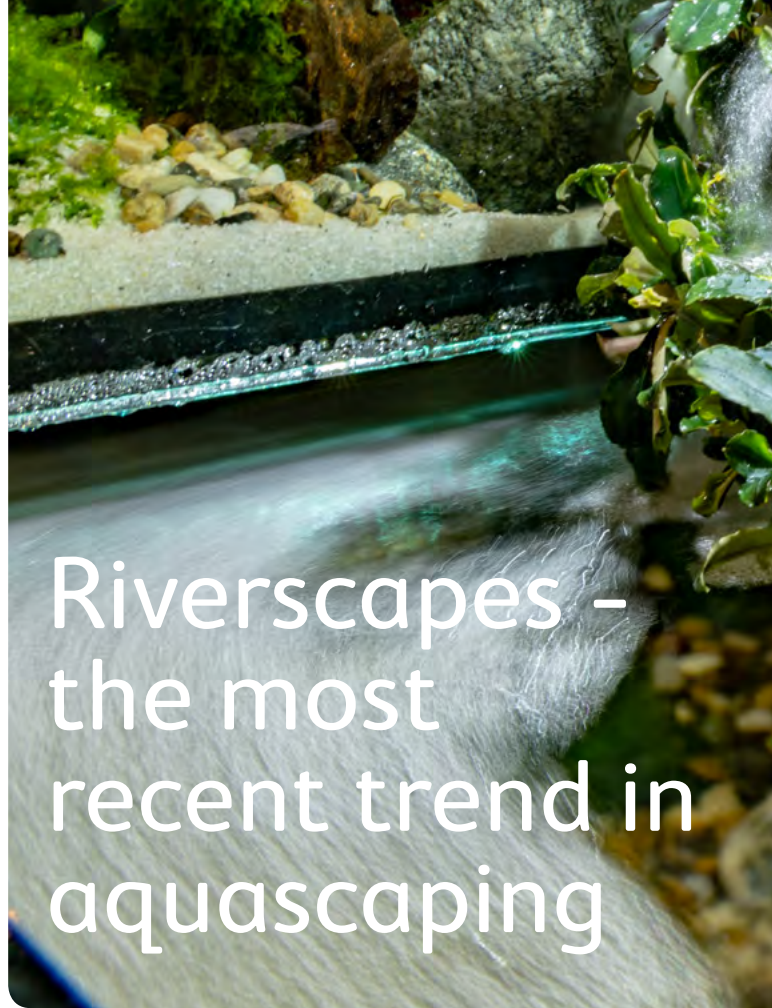
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# Riverscapes – the most recent trend in aquascaping

**Mimicking a natural, high-current environment, the latest in aquarium design brings a beautiful riverscape to the home.**

## Closer to nature

Oliver Knott recently presented a new layout style for aquaria that is both very close to nature and easy to maintain and care for: the stream tank. The tank mimics and looks as if a piece of a beautiful natural stream has been cut out and placed in a living room.

These tanks are specifically designed to allow a strong one-directional current that passes along rugged natural rocks and aquarium plants above and below the waterline. In this way, a natural habitat for the fish and invertebrates is created.

## Improved fish well-being and health

The original, natural habitat of many aquarium fish is a stream, in which they swim up against the stream's currents. Still-standing water in traditional



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aquaria does not offer such a vibrant, everchanging environment that is so beneficial to the fish. It is noticeable at once how fish flourish in a high-current tank. Not only do they feel visibly at ease in their new environment, their vitality increases, stress is reduced and, overall, their health improves. Furthermore, more intense body colours mean they present a much more attractive picture in general.

A stream tank is actually an open-topped paludarium: an aquarium whose layout includes a large land part. In the stream tank, Oliver likes to structure this terrestrial area with rocks and driftwood, just like the scenery you would find around a stream in a forest. The tanks are not only beautiful to look at, there is also an actual benefit: it not only adds a relaxing green splash of freshness, but is actually beneficial to the climate inside a home.

### Getting the best from nature

Gravity is the motor for the stream. A pump brings the water to the highest part of the tank, from where it flows down over the rocks, forming a strong current. The tanks make full use of the

combination of waterscapes and terrestrial scenery: as in nature. Many traditional aquarium plants are actually not aquatic plants, but originated in swamps where they are submerged only part of the time. Placed in a truly swampy, natural environment such plants look completely different from how we have come to know them in traditional aquaria.

Epiphytic plants give an added attraction: they do not need to be planted into the substrate, but can grow on the rocks, like ferns. Mosses add a very pristine flair. All of these plants are low-maintenance and do not need much in terms of light and fertilisers. The open tank is lit by a hanging aquarium light system using low-energy, electronically controlled LEDs. It is very easy to create light moods with these modern aquarium lights: simulate dawn or dusk or even cloudy skies during the day, and moonlight during the night! ♦



**Oliver Knott**  
Aquadesign & Consulting  
info@oliver-knott.com  
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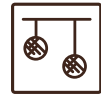
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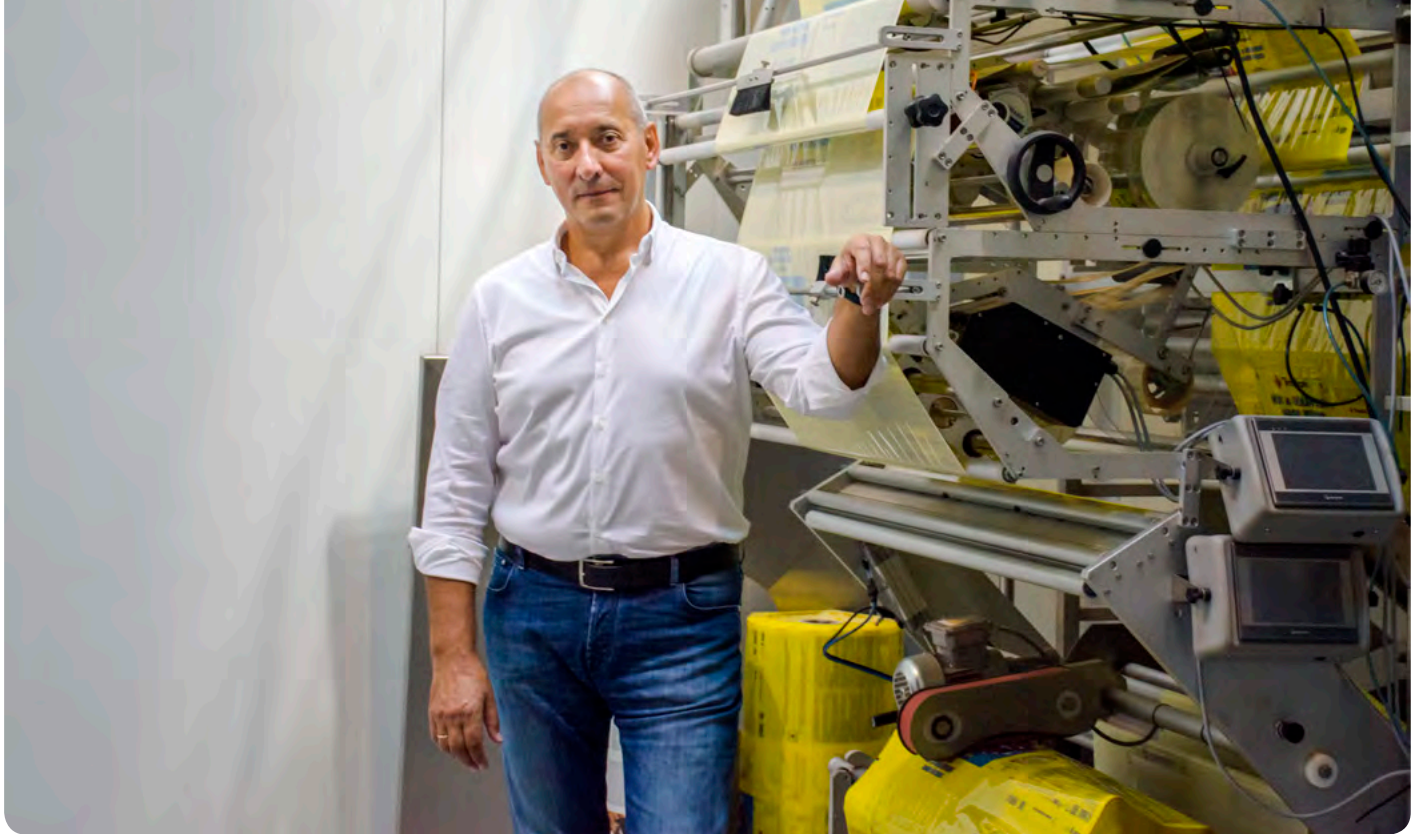


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**Tropical offers a wide and specialised range of care and food products for fish, terraria, small animals, as well as for dogs and cats.**

## Extensive product portfolio

With no less than five brands in its portfolio, Tropical not only offers an exceptionally wide range of products, it also boasts one of the most innovative technologically advanced production lines, which can produce even the smallest fully extruded food granules of 0.5 mm. The company has over 1,000 products on offer in almost 80 countries around the globe. Forty new products are added to the company's portfolio every year.

## Over 40-years of quality feed

Tropical has been present on the market for more than 40 years now. The company has always worked closely with reliable suppliers of quality raw materials who meet its exceptionally high standards.

Following their motto – we feed, we care, we love – all feed formulas are based on natural ingredients and developed with the support of scientific institutes, research centres and world-famous pet feeding experts. In this way, not only is the best quality guaranteed, but so is the microbiological purity of all ingredients in foods for fish, dogs, cats and other pets.

Expansion plans to markets in Japan, South Africa and South America, call for large-scale investments in the near future. The building of a new factory and logistics centre is soon to be commenced.

## New products

This year at Interzoo, the launch of Tropical Gel Formula – an innovative DIY gel food which allows the preparation of

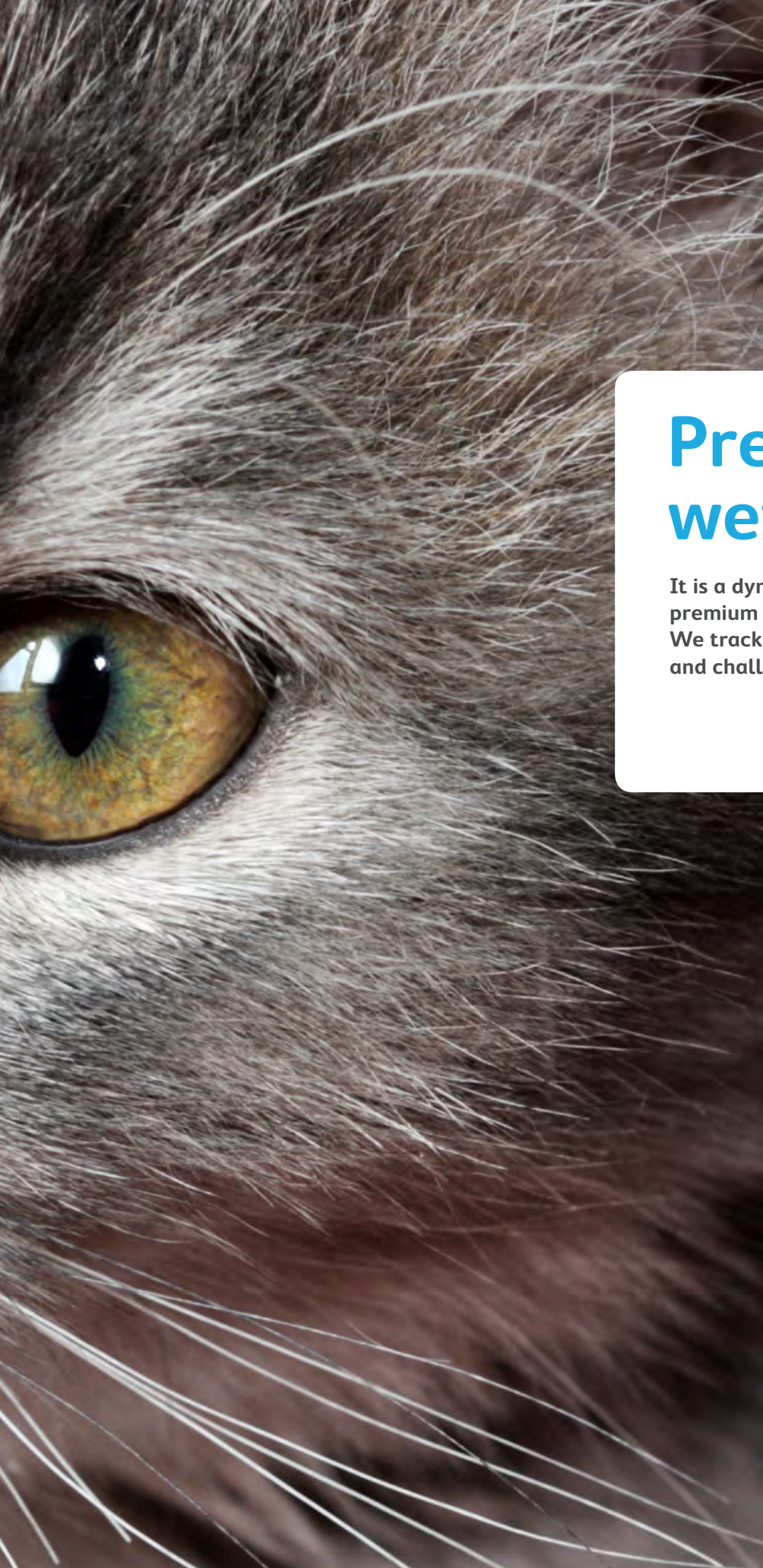
various foods to match the preferences of specific fish – was enthusiastically received by both customers and industry experts. Aquarists can make made-to-measure large, small, sinking or floating foods. They can even cut the food into strips, grate it or spread it on stones and put it inside the tank. In fact, the possibilities are endless!

## The aquarium expert

Tropical is working closely with the world's best breeders and aquarium experts. The company also sponsors numerous leading aquarium events both at home and abroad, as well as promoting aquaristic best practices. ♦

♦ **Tropical - Tadeus Ogronik**  
 marketing@tropical.pl  
 tropical.pl





# Premium and wet pet food

It is a dynamic market out there at the premium end of the pet food industry. We track the latest innovations, trends and challenges.

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# Specialised trends in the US premium pet food market

**Plain 'natural' pet food does not cut it any more in the US market: today it is all about segmentation. What are the incoming trends?**

## Segmentation in the 'natural' market

As natural pet food has begun to mature and 'go mass', pet specialty marketers have segmented natural into various competing positionings, the most important of which has been grain-free/ancestral. As the grain-free claim demonstrates, many such products hinge in part on what they do not contain, in tandem with the 'clean label' movement in the larger US food industry.

In Packaged Facts' Q1 2018 Pet Owner Survey, top 'free-of' product claims among dog and cat owners alike include no grains, limited ingredient diets, and gluten-free. Looking ahead, we expect to see additional free-of claims take hold, including carrageenan-free, BHA/BHT/ethoxyquin-free, potato-free and non-GMO.

Dog and cat owners currently using pet food: by Free-Of Claim, 2018 (%)		
Free-Of Claim	Dog owners	Cat owners
Grain-free	24%	16%
Limited ingredient	11%	9%
Gluten-free	7%	5%
Potato-free	3%	3%
Vegetarian	2%	2%
Carrageenan-free	2%	2%

Source: Packaged Facts Q1 2018 Survey of Pet Owners

## Grain-free past its peak?

Nonetheless, the grain-free positioning may have peaked in the US market. One threat to the longevity of the grain-free pet food trend

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has to do with the FDA's recent warning to pet owners and veterinarians about a potential link between grain-free diets and canine dilated cardiomyopathy (DCM). Another potential threat is a reassessment of the prevalence of food allergies in pets: Banfield's 2018 State of Pet Health Report indicates that food allergies affect just 0.2% of dogs and 0.1% of cats.

## Organic uncertain

Well over a decade ago, following in the footsteps of the boom in organic foods for people, organic pet food appeared poised to take off. Along the way, however, organic pet food has run into stumbling blocks, including ingredient shortfalls stemming in part from competition from human foods, and the related prohibitively high prices at the manufacturing and consumer levels. The biggest hindrance, however, has been the unwillingness of major pet food marketers to embrace organic.

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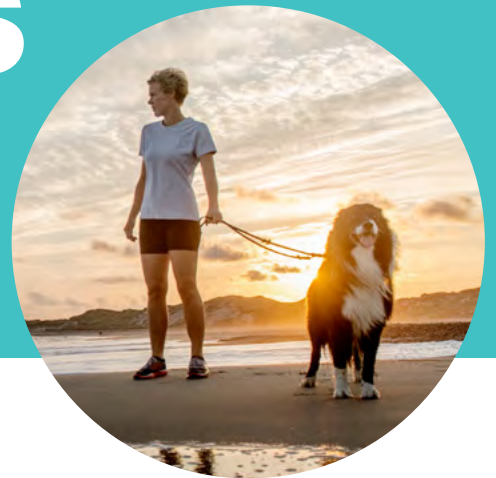


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The reason: since 2002, the USDA has issued a number of contradictory statements with regard to organic pet food, creating an uncertain regulatory environment in which marketers must more or less proceed at their own risk. Ultimately, however, organic should play a role in pet food in proportion to its importance to the larger food industry.

### Specialised trends to watch out for

Receiving much attention over the next few years, in addition, will be various additional specialised trends:

- **Pet foods and treats making ethical claims:** humanely raised, cage-free, family farms, sustainably or locally sourced. Locally grown or sourced foods are an especially important trend in the US food market overall as more consumers look to support farms in their own communities and to reduce the amount of fuel used and pollution generated by shipping food long distances.
- **Raw pet food.** Logistics are an issue in this product niche, however, since carrying raw/frozen pet food requires retailers to commit space to freezers that can require expensive retrofitting. With the advance of the raw pet food niche, moreover, have come numerous product recalls and some negative publicity.
- **'Preserved dry' pet food.** Most of the excitement around raw pet food actually involves freeze-dried and dehydrated forms. Much easier to stock and feed than the raw/frozen pet food fare, freeze-dried and dehydrated products and ingredients have become popular as treats, toppers, or mixed with kibble. Within the industry, they have also come to be viewed as a route toward the ongoing premiumisation of dry kibble.
- **Product safety and Made in the USA.** Packaged Facts' Q1 2018 Pet Owner Survey showed that 57% of dog owners and 55% of cat owners agree

that 'Fear of pet food contamination/product safety is a key consideration in the dog foods/cat foods I buy,' and 69% of dog owners and 63% of cat owners agree they are concerned about the safety of the pet food, treats, and chews they buy.

- **Limited ingredient diets.** The clean food trend dovetails into another, well-established pet food trend: diets containing a limited number of ingredients, which are often aimed at pets with allergies and pet owners interested in product transparency.
- **Trendy superfood ingredients.** Superfoods – functional ingredients that are natural and even basic – continue to migrate from human foods into pet food and treat formulations. Apple, beet, berries, carrot, chick peas or lentils, egg protein, herbs (mint or parsley, rosemary, thyme), kelp, leafy green vegetables (broccoli, kale, spinach), pumpkin or sweet potato, salmon oil for omega 3, and turmeric are prime examples. Also in this vein is prebiotic and probiotic supplementation, with consumers heavily associating probiotics with yoghurt.
- **Pet food prepared in store or home-delivered in customised formulations,** especially homemade-type, small-batch packaged pet foods made with top-quality, all-natural, human-grade ingredients.

With marketers avidly seeking new ways to distinguish brands and 'premiumise' pet food and treats, expect to see new products playing these product formulation trump cards. ♦



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# Treat them right

Treats and rewards for pets are a growing market and pet owners are becoming increasingly discerning. What are the latest trends and innovations?

## Responsible snacking

Just like humans, dogs like to have a delicious treat or dessert after their meal. The market for dog biscuits and snacks is growing rapidly. Pet owners can choose out of hundreds of products to reward their pets, but what is the right treat for your dog? Each dog has its own characteristics and needs. Although we love to spoil our quadruped friend, we have to keep an eye on his health, condition and weight. Responsible snacking is thus becoming more and more important to pet owners.

## Fabulous and functional

The newest biscuits and snacks in all kinds of shapes and colours are not only a nice reward but are also a functional treat.



For example, a treat could be rich in Omega 3, to benefit skin, joints and coat. Does your dog suffer from a bad breath? A treat with mint will make everyone happy! Functionality in snacks is growing fast, but above all a snack has to be appetising and appealing for our pets.

## Snacks for all seasons

The market is also responding to seasonal interest. For example, when a family is having a nice Christmas dinner or an Easter celebration, they want their dog to enjoy this experience with them. A Christmas present or Easter treat is the perfect gift for their pet and allows both owner and pet to share these experiences together.

Humanisation in snacking is a clear trend. There is a tendency towards healthy snacking: low fat, sugar-free, vegan, grain-free,... A biscuit or snack with all the tastes your dog wants but without grains or added sugars is the new thing.



However, it is important to feed these treats as part of a balanced diet.

## United Petfood expands

Earlier this year, United Petfood acquired Animal Lovers and Bynsa to further develop its expertise in dry pet food and snacks and to continue working on new innovations and product developments.

Thanks to these recent acquisitions, the combined group is able to meet clients' needs all over the world, offering a wide range of biscuits and snacks as well as a selection of high-premium treats. ♦



**Roger Mohr**  
CEO Bynsa,  
member of United Petfood Group  
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# Toppers: should they be in the mix?

**Pet food toppings are a growing segment, but why? And how should pet food manufacturers and retailers respond?**

## **Adding something on top**

Around my house, putting the right amount of toppings on my ice cream is a craft that I happily pursue. Many find the right condiment is critical for flavouring meat and vegetables. Many put crunchy granola in their yoghurt. Blending of ingredients is a normal event in human food planning because we balance our own food ingredients for eye appeal and taste – hopefully to build a well-balanced nutrition plan for ourselves. But pet foods are different.

Pet foods are formulated to be nutritionally balanced and properly fortified. So what is the rationale for adding something on top or mixing something into a pet food? Is this about 'dressing' up a food for eye appeal and taste or does it have some other purpose?

## **Why the interest?**

Consumers have concerns whether their own food regime is really complete as they look at their own choices of ingredients and the processing employed.



Should I eat more raw products or less processed food? That same fear carries through to pet foods. Adding the 'missing' nutritional component gives some comfort that the foods are once again complete. Others top or mix to help improve taste and flavour when their pet is not eating or drinking well.

The idea of adding something that cannot be put into a dry or canned food has spawned the growth of pet food supplements. Perhaps these are nutrients and nutraceuticals that would be destroyed by dry or wet food processing.

In reviewing a major pet product sales site, over 190 toppers and mixers were being sold. Some 60% were dog and 40% were cat, 40% were dry and 60% were wet/moist. They were designed to be used on dry, canned and soft-moist foods. Pricing ranged dramatically but, compared to foods and even treats, they are much more expensive. The types of products were also highly variable, including unique kibbles, meat shreds, powders, broths and soups, gravies and sauces. Packaging is equally diverse.

### Finding their place on the shelf

The positioning in retail stores is always up for debate. Where do these belong? Do they belong in the treat aisle or in the food aisle? An argument could be made to include these products in the supplement aisle. Selling these products online is a somewhat easier process, as they are not lost high up on a shelf.

It would seem that these products 'boost' three main purposes:

#### 1. Improving taste or consumption

The claim most often found is for flavour enhancement or for boosting consumption. That makes a lot of sense as pets often stop drinking or do

not drink well in some health situations. Adding water or other liquid on top of the food does encourage better consumption.

#### 2. Supporting health

Many products make claims of nutritional improvement by supplementing for immunity, digestive health, joint care or skin and coat. The marketing approach suggests that there are nutritional components destroyed in processing so a 'raw' topper is suggested. With consumers running to false internet experts more and more, the message is that the complete and balanced pet foods are missing something. Supplementation with any topper brings nutrition to the overall food regime. Without careful oversight, the daily food regime will no longer be complete and balanced, which could lead to future health issues, including obesity.

#### 3. Completing the food regime

Adding a mixer or topper to ensure 'completeness' can help to top up consumer confidence that a food is truly complete and balanced or 100% nutritious. It completes the need for variety or supplies the 'fun' to the consumer not seen in the eating of basic kibbles.

### A growing choice

Toppers take the consumer into decision-making when it comes to their pet's food. Or, they can trust that their complete and balanced food is truly all their pet needs. Toppers can be another 'treat' decision adding to the bonding of the pet owner to their pet. Either way, toppers or mixers will continue to grow. ♦



**Dr. George Collings**  
In cooperation with Sarah Hubler  
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VAFO Group CZECH REPUBLIC

# A proven pet food producer

This Czech producer has recently completed two acquisitions and a new state-of-the-art factory to bolster its ability to provide a wide range of highest quality, premium pet products.

## A leading Czech pet food producer

VAFO is a leading Czech producer of premium and super-premium pet food, snacks and supplements for dogs, cats and other small animals. It operates four production facilities for both dry and wet pet food, with annual sales exceeding 100,000 tonnes per year and revenue close to €140 million (\$162 million).

Its flagship brand, Brit, is distributed to almost 70 countries throughout four continents and holds a significant market share in the EU, Scandinavia, and the Baltics. In addition, VAFO successfully produces a variety of other own brands, including Carnilove, Profine and Sam's Field. It also manufactures various private labels for many European pet food sellers in several product categories: dry food, wet food, snacks, vitamins and nutritional supplements for dogs and cats, and small animal food.



Given the focus on premium quality, all four of the company's production plants are designed to provide a wide variety of premium product options, one of the newest being fresh meat extrusion. VAFO recently opened a greenfield wet food factory equipped with the latest technologies and featuring human-grade production capabilities for a diverse range of wet food products such as sausages, cans (80-800g) and real-meat fillet pouches (50-500g).

## Recent acquisitions support growth

To support its organic growth, the group recently acquired shares in two other pet food players. Allco is a second-generation family owned pet food company located in Lower Saxony near Bremen, known mainly for its brand Christopherus. Prima Pet is a Finnish grocery pet food leader with subsidiaries in Sweden and Poland, as

well as a factory in Estonia, with revenue exceeding €30 million (\$35 million). Its core brand, Hau-Hau Champion, is the most popular grocery brand in Finland.

## Highest standards

VAFO's mission is to provide a wide portfolio of premium pet products manufactured to the highest standards and instilled with VAFO's extensive nutrition and marketing know-how.

The group is owned by two sons of the original founder, Frantisek Bouska: Pavel Bouska and Jan Bouska. Pavel took over the CEO role from his father in 2006. ♦

♦ **VAFO Praha s.r.o.**  
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Pro Pet Koller GERMANY

## A family passion

**Grown out of the Koller family's experience in sled dog racing, the MAC's brand has developed into much more than a wet food product for sport dogs.**

### Quality since 1993

Pro Pet Koller was founded in 1993 with the aim of importing high quality pet food from North America. First, they imported products from the US, later from Canada.

At the same time, the family was focusing on sled dog racing with their Alaskan Huskies, and developed their own energetic wet meat product for sport dogs. The demand for this product was so high that they developed a product for normal active dogs based on meat and rice. Out of this range, the brand MAC's was born a few years later which today represents the main turnover of the company.

### Change of generations

Company founder Werner Koller aims to withdraw from the company gradually over the next few years. Koller's older son Michael will take over his role – he has now been involved in Pro Pet's

activities for nearly ten years and, since 2016, he is managing partner.

The management team consists of Werner Koller, his wife Veronika Koller and since 2017 also their second son Markus Koller. Michael Koller will continue to be responsible for distribution nationally. Markus Koller, who completed studies to become an industrial engineer, is currently familiarising himself with the export business. The two brothers will share the responsibilities in product development and marketing in the future.

### A range of products

Over time, the product portfolio of moist food products, under the MAC's brand, has changed to tins of pure meat for dogs and cats. The ranges include MAC's Soft, a semi-moist dog food with a high fresh meat content, and MAC's Mono, a dry food containing only one source of protein and carbohydrate for dogs and

cats with sensitive digestive systems. In 2018, the company introduced a new Vetcare line for cats.

Beside these, Pro Pet also offers a line of natural complete food under the Tundra brand name. Inspired by the natural diet of wild dogs and cats, it offers at least 70% meat content and refuses to use unnatural food additives.

Product development is a particularly important focus, as is the constant optimisation of the range based on latest scientific knowledge and the use of primarily German raw materials of human food-grade quality. ♦

♦ **Pro Pet Koller GmbH & Co. KG**  
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In the valley from which it gets its name, Dolina Noteci applies its philosophy of living close to nature to the production of wet pet foods in one of the most modern manufacturing plants in Europe.



### Premium and super-premium pet food in Poland

The pet food market is relatively young, and the popularity of ready-made premium and super-premium products is growing dynamically. Dolina Noteci is committed to raising awareness among pet owners that a balanced diet maintains the good health and mood of their pets. Pet lovers try to select the highest quality foods, and apply the same criteria they do when they buy food for themselves – quality, healthy ingredients, and nutritional value are more important than price.

### Guarantee of quality

Thanks to the use of carefully chosen ingredients, which undergo a multi-stage selection process, and to the efforts of experienced food technology specialists, the company creates pet foods which make it one of the leading manufacturers in terms of quality. Raw materials are sourced from a selective list of qualified suppliers and each delivery is carefully inspected. The company uses fresh, GMO-free fruit and vegetables, sourced from local suppliers.

### Transparent process

The production process is transparent for clients. The company opened its doors in 2016 so that interested parties could visit the plant and see that Dolina Noteci pet foods are products which meet the highest quality standards. Clients can enjoy the smell of fresh, healthy raw materials and be sure that what goes into the pet food is the absolute best. Moreover, they make the results of regular testing publicly available so that customers can check the nutritional content of the foods they create.

### Environmentally friendly

To nurture the wellbeing of its farms, they follow 10 rules developed to care for the natural environment. The Dolina Noteci Green programme focuses on:

- production powered by renewable (solar) energy
- minimising carbon footprint
- rational use of natural resources and energy (LED technology and water recirculation)
- helping smaller friends – its own beehives are home to millions of bees

The company continuously trains and upgrades the qualifications of its staff in terms of ecological production processes.

### For the most demanding

The primary mission of the company is to create pet foods of the highest quality, appreciated by its exceptional customers. Dolina Noteci Premium and Piper enjoy good brand recognition and increasing sales in the European market and the company collaborates with the most demanding owners of pet food brands in Europe to create pet foods which are a benchmark of quality.

The aim of Dolina Noteci is to be a synonym of quality, freshness, professionalism, and health. ♦



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# Sourcing ingredients

Is the drive towards a more sustainable food supply – for humans, let alone pets – at odds with the demands of the millennial pet owner? What are the challenges?

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# Where is the venison?

## Ensuring trust in times of raw material shortages



**Boutique pet food is the latest marketing buzzword but, with novel ingredients like deer meat, is it a healthier option or an increased risk?**

### **Why 'boutique' diets?**

The pet food industry is very creative at coming up with new marketing buzzwords with the latest being 'boutique' diets, formulated using less common, exotic ingredients, but meaning different things to different people.

### **The problem with exotic ingredients**

Although without legal definition, generally, exotic ingredients are those that are not mainstream in use and might be considered novel. Venison (deer meat) is one that was once considered exotic, but is now widespread in all pet food formats and snacks.

With New Zealand reportedly supplying Europe with most of its needs, the decision by New Zealand farmers to increase breeding stocks to meet future demand resulted in fewer animals being slaughtered and supply shortages in 2017-2018. An unwanted consequence of this action was increased risk of adulteration with other animal proteins (while still claiming venison) by unscrupulous suppliers or pet food manufacturers.

Food fraud experts recognise that scarcity and supply shortages motivate criminals to commit the crime of 'economic motivated adulteration' (food fraud). Following the 2017-2018 shortage, deer meat was

Boutique diets mean different things to different people

Pet food manufacturer	Pet owner	Veterinarian	Food fraud and food safety expert
<ul style="list-style-type: none"> <li>• Grain-free</li> <li>• Hypoallergenic diets</li> </ul>	<ul style="list-style-type: none"> <li>• Increased variety/choice</li> <li>• Health benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for increased risk of DCM (Dilated cardiomyopathy)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased food fraud risks</li> <li>• Increased food safety risks</li> </ul>

classified at high risk of adulteration with other meats, including pork and beef.

While the dog is unlikely to notice, species adulteration can result in a loss of consumer trust in the authenticity of the pet food they buy.

**Higher risk of food fraud**

Novel ingredients can offer a scarcity value attractive to both marketers and pet owners. However, the principle of scarcity or supply shortage is a motivator of food fraud, applicable to any foodstuff. On this basis, especially when it comes to high-risk boutique diets, it is vital that everyone in the supply chain from field to bowl re-evaluates their food fraud controls.

Approaches include:

- authenticity testing
- VACCP (Vulnerability Analysis Critical Control Point)
- supplier quality assurance

Looking at food safety, some people believe that once a HACCP plan has been written nothing more needs to be done. However, failure to monitor, verify and validate HACCP systems on an on-going basis means that ultimately the system will fail, with increased risk of illness. The same cautionary principle of keeping systems alive also applies to our approach to food fraud and authenticity.

**Assuring pet food integrity**

The human food supply chain is embracing the new concept of food integrity to maintain and build consumer trust in safe food, by ensuring the quality,

safety and authenticity of the food we eat. In practical terms, this requires food business operators to implement, maintain and develop management systems based on:

- quality management – ensuring the products meet or exceed buyer expectations, for example, in terms of nutrition and product aesthetics
- food safety – ensuring the products are safe to eat, and
- authenticity – ensuring that ‘identity-preserved’ materials, like organic, are genuine, and mitigating against food fraud

To ensure future sustainability of the global pet food market, currently estimated to be worth over \$90 billion (€77 billion), it is essential that the entire pet food supply chain from field to bowl also embraces the food integrity concept as outlined above.

Assuming food integrity is assured, there is nothing wrong with ‘boutique’ or other forms of pet food. However, now is not the time to stick your head in the sand.

The question is, are you doing enough to ensure that Fido’s Paleo venison kibble or venison ragout really contains deer meat (venison)? If not then your integrity in the market and the bottom line of your business are at risk. ♦



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# How to win the hearts of millennial consumers

The millennial target group is too big and provides too many opportunities to ignore, but it presents us with a challenge.

## Only the best

More than half of world's population is under 30 years old. Over the past decade, millennials have slowly but steadily entered the marketplace and now they are a force we cannot neglect: they will shape, colour and change the world we live in profoundly.

For starters, research shows that millennials like to treat themselves and their loved ones with special care. Even if that care comes at a cost. This is reflected in the phenomenon of pet humanisation. As pets increasingly become an important part of the family unit, pet owners are looking for ever-better, exclusive quality. For a millennial pet, only the best is good enough.

## At odds with industry ideals

From a business perspective, it is smart to cater to the new demand, but doing

so can be at odds with existing industry quality marks and ideals. The Clean Label Project, for example, is all about providing honest, fact-driven information about the true contents and properties of popular consumer products. But what is there to measure if ingredients are only used in small, practically negligible quantities? Is there scientific proof that a new ingredient is beneficial for the wellbeing of pets, or is it on the package just to appeal to pet owners?

## Honesty is more important than ever

Millennials like brands they can trust. They prefer to do business with honest companies and do not hesitate to hold them to account. With information easily available online, telling a truthful story today is more important than ever. For pet food producers, it is crucial to build trust and be as transparent as possible.

Make no claims the product cannot live up to, but instead focus the attention on other trademarks and selling arguments. Quality, sustainability and transparency can be just as convincing, if not more convincing, than the purported effect of a single ingredient.

## True story

IQI helps pet food producers make a unique claim. All its premium pet food ingredients, however exclusive and exotic, are 100% pure, fully certified and traceable to the source. The company guarantees absolute quality and pet owners, be it millennials or not, can rest assured that they are buying the best meal for their companions. ♦



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# Facing an unsustainable food future

Studies show we will soon be hitting the limits of our current ability to meet the food demands of the human population, let alone pets. Where are we headed?

## Limited supply, increasing demand

To achieve a sustainable food system, it is necessary to harmonise both supply and demand of food. On the supply side, to produce food, three elements are essential: land, water and energy. Of these three, energy can be bought (as fertiliser) or is in constant supply (the sun), but land and water are limited.

How limited? The impact of climate change is hard to quantify but there is considerable research on the impact of an increased human population on food supply. Studies examining the relationships between water resources and land use in the future are also increasing in number. The term Water-Energy-Land-Food nexus underlines how closely these four sectors are inter-linked.

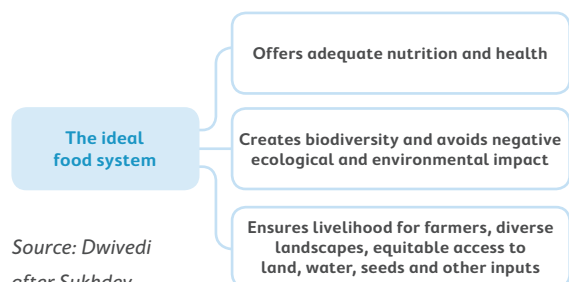
Meanwhile, on the demand side, as population grows, so of course does food demand. Equally, as some nations become more wealthy, diet changes. These two factors, in turn, put pressure on local resources: population growth reduces the amount of land and water per person and the adoption of affluent diets increases the demand for land and water per person.

## An unsustainable system

One study (Röös) develops future global food supply scenarios by looking at the links between population, food demand, land and water. The results indicate that, by 2050, if we do nothing, 40% of the global population will live in countries with not enough land nor water to meet the demands of their human population, let alone pets. Humans and pets will need to be restricted to basic diets to effectively resolve these constraints.

## Towards a solution

Where do the solutions lie? The figure below shows the ideal food system.



Source: Dwivedi  
after Sukhdev

*It is crucial to encourage biodiversity.*

The European Union, in a paper 'Towards a more sustainable food supply', suggests that, by 2040, sustainable agriculture will provide the main foundation of food supply. This is against a background of:

- increasing expected human and pet population
- climate change
- progressive but significant soil erosion
- healthy diets accessible to all
- reduction of meat consumption
- less intensive farming
- improvement of farm and food system management through better informed agro-ecological practices
- advancement of genetic engineering technologies applied to plants, animals and microbes
- integrated social experimentation with novel foods (involving citizens), and
- precision agriculture and breeding: from research to demonstration

Under this scenario, by 2030, alternative food production will become common, including urban and peri-urban farming, soil-less farming and aquaculture. Non-conventional and even artificial food products will be in the food supply chain, providing, for example, alternatives sources of protein.

Using this more diversified approach, the supply of healthy and secure food for all can be better ensured, the sustainable use of agricultural land achieved, and food prices kept under control.

### More sustainable scenarios

The European Union, following public consultation, recommends the following future directions for food production:

- understanding and managing systems of sustainable agriculture and aquaculture
- alternative sources of protein: exploitation and processing
- environmental impact assessment of agricultural practices
- healthy and sustainable diets
- organisational and social innovations for optimising food supply systems from farming to consumption

Livestock production and consumption is another key focus. One study (Garnett) outlines four hypothetical future scenarios for future livestock production and consumption (see diagram next page).

The 'fruits of the earth' scenario involves a shift to mainly plant-based diets. Under the 'architected flesh' scenario, meat production would increase through a combination of current livestock production and artificial meat, that is, 'meat' grown in the laboratory. Another possible scenario, 'Calibrated carnivory', has production systems becoming so intensive that their increased efficiency is sufficient to meet demand. Finally, the 'Livestock on leftovers' scenario highlights the possibility of turning biomass from marginal land and human food waste into human edible foods.

### Encouraging diversity and innovation

In all of this, it is crucial to encourage biodiversity as, not only does it promote health and wellbeing, it also has social, cultural, economic, and environmental benefits. Diversifying food systems and diets improves human and pet health and contributes to other multiple benefits, including healthy ecosystems. This, in turn, has policy implications.

► SEE NEXT PAGE



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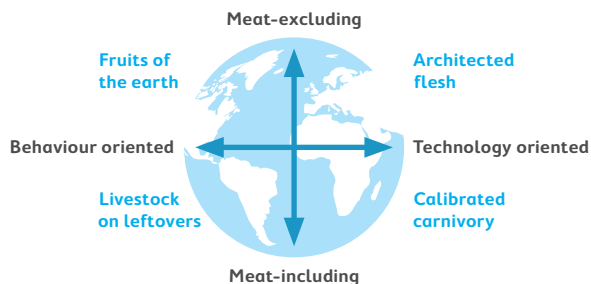
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## Sourcing ingredients



Countries will need to develop their own food diversification strategies, involving all necessary stakeholders to collaborate in order to provide a healthy diet through nutrition.

They will also need to encourage innovation. Reducing the environmental impact of agriculture and improving food nutritional quality will need innovative methods to produce food and will consequently require innovative techniques.

### A systems approach

There is no single or easy solution to address food and nutritional security while achieving environmental sustainability. Agriculture, health, and nutrition are interconnected, dynamic, and multifaceted. To minimise the adverse impact of climate change on agriculture, it is necessary to integrate resource-efficient crops and natural resource management. To enable this, there is, in turn, a need to identify and adopt dietary patterns and crop diversity that lower the environmental impact and enhance health.

It is expected that agricultural systems (animal, laboratory and plant) will exploit technology and legislation to provide a diversity of diets to improve health and wellbeing. This philosophy will go hand-in-hand with policies to promote low environmental impact of food production and more active lifestyles. ♦



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# Good for me, good for my pet - when the bowl mirrors the plate

**Today, more and more owners consider their pets as members of the family, projecting their own preferences and needs on their animals. This major evolution is shaping the pet food market around four macro trends.**

## **From food to pet food**

Pet parents are increasingly demanding about the goods they select for their 'fur-babies', expecting the same high standards as for their own products and carefully choosing items that are consistent with their values and habits.

This has led the marketing teams of Diana Pet Food and parent company Symrise to work together to investigate the trends influencing both the human

and pet food and care markets. Their findings? Four common macro trends:

### **1. Natural goodness**

The move toward natural and organic food, though not recent, has accelerated with connected millennials and Gen Z who pay particular attention to food labels when purchasing a product. Natural food stands for conscious indulgence. Not only do people look for clean labels with healthy and

high-quality ingredients; they also study their provenance and processing methods. They do not want to make any compromise on taste and want to try the best of nature's goodness, exploring new ingredients sources.

This has led pet food manufacturers to substantiate their positioning with visible and tangible proofs on their packaging. They show their product's certifications, use 'made in', 'farm-to-bag' stamps or any



## Sourcing ingredients

such as freeze-dried or oven-baked, that guarantees preservation of the precious nutrients.

### 2. Healthy lifestyle

Health concerns are paramount among pet parents who project their own beliefs onto their pets. Maintaining optimal health and well-being for their pets is a top priority. To meet those expectations, pet food manufacturers are offering three main categories of products:

- 'free-from' ingredients recipes to protect the pet from food intolerances and allergies
- 'power foods' high in proteins and wholesome ingredients to boost the pet's energy
- foods rich in functional ingredients, or super foods, to bring health improvements or prevent diseases

### 3. Premium indulgence

Enjoying good food is among the greatest pleasures for pet parents who want to treat pets to gourmet offerings. This is probably where products answering this trend will most mimic the marketing codes of human food categories: small batch or artisanal products will be sold in refined packaging, telling a story and showcasing fancy little details. Delectable delights available to pamper the pet will include new textures and humanised offerings such as ice cream, pizza or beer. Lastly, pet parents will have the possibility of adding a customised touch to their pet's meal with a selection of toppings.

### 4. Emotional discoveries

Pet parents love to break their own routines, and they enjoy doing so for their four-legged companions as well. From the discovery of new tastes from around the world to festive recipes, they are keen to find products celebrating their pets and offering shared moments of enjoyment.

And it goes beyond food: to celebrate a beloved puppy's first year, for instance, pet parents will have birthday cakes and party favours to create the perfect photogenic setup. Those fun times are treasured and shared on social networks and 'pet-centric' platforms, turning pets into influencers and replicating all codes of digital marketing.

The evolution of pet importance to their people has definitely broadened pet care offerings and opened to marketers a whole world of inspiration from human trends. ♦

claim that can support a product's local sourcing and production, to reinforce transparency and trust. They promote their choice of eco-friendly ingredients and endorsement to animal welfare to show their sustainability approach.

To offer the best of nature and bring variety, pet food manufacturers also seek ingredients not commonly used in pet food such as vegetables and fruits, echoing pet owners' own interest in healthy ingredients and vegetarian or vegan diets.

Lastly, in addition to simplifying their recipes as much as possible, they showcase any processing method



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20<sup>th</sup> GlobalPETS Forum  
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# The changing face of pet retail

**GlobalPETS Forum is the most important networking event for pet industry professionals. Senior decision-makers of the world's leading industry players gather to network and be inspired by the latest developments.**

## **This year's theme**

This year's theme is all about the changing shopping behaviour of maturing millennials. This will create a new retail situation in the pet industry from 2020 onwards. The consumer is in the driver's seat and increasingly experience-focused. What are the implications for retailers, e-tailers, supply chain, marketing, and other parts of the industry?

## **Get answers to key questions**

- Where will the online pets market be by 2020?
- How will online players disrupt the existing pet industry and how can you prepare?
- Who are these millennial consumers and what does it take to adjust your products and services to them?
- How can you adapt your marketing communications to engage these consumers?
- How do you cope with both retailers and e-tailers?
- What are the implications of changing distribution patterns in the online world and how does this affect you?



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[globalpets.community/globalpets-forum-europe-2019-welcome](https://globalpets.community/globalpets-forum-europe-2019-welcome)



For this 20<sup>th</sup> edition, we present to you an impressive line-up of professional and inspiring speakers from inside and outside the industry. To mention just a few:



**Torsten Toeller**  
Founder and proprietor  
of Fressnapf Group  
*Visions of pet retail in a digital world.*



**Louis Yige**  
Head of Pet Category Alibaba/TMall  
*Digital pet care in China, today's consumer trends, etc. What is the impact on pet retail? How to become a supplier?*



**Om Marwah**  
Walmart's first Head of  
Behavioural Science  
*How behavioural science principles can be used to change consumer (shopping) behaviour in order to build loyalty, product innovation, etc.*

In addition to these speakers we have many others. Some of them give a sneak preview on their presentations in the articles on the next pages.

The Social evening on Thursday is considered to be the main networking event of GlobalPETS Forum. Join us in the wonderful hotel bar to reflect on the day, taste the delicious food, and enjoy a drink. ♦

For more information on the programme, the speakers, registration and the conference location, go to: [globalpets.community/globalpets-forums](http://globalpets.community/globalpets-forums)



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# The future of pet food



Mathias Haas presents a new way of looking at things to support the right decisions for the future. For instance, could pets soon be eating insects?

## Missed chance

'Who wants to be a millionaire?' many people must have thought to themselves in May 1997. They decided not to invest in shares of the online bookseller Amazon, which were available at just \$18 (€15.50) each back then. A little over 20 years later, a single share currently sells for around \$1,800 (€1,558) and those people are perhaps regretting having missed out on their chance to earn a million dollars. Bad luck!

Of course, Amazon's success is not only based on selling books any more, and some share splits did the rest. However – and that is the actual crux of the matter – there was a movement, there



was an idea, there was a chance to do something completely different. And there is always someone who just does it, and many who don't. Those who don't thought 'Who will buy books online? Consumers need to feel them! People want a tactile experience, they want to read a few pages before they buy.' Well, who wants to be a millionaire?

### Mega trends

As an expert on mega trends, Mathias Haas researches how the world is changing and what impact all the new possibilities and new behaviours will have on corporations, on society and on individuals. His findings are detailed, focused and relentless. He asks: 'Who says retail is dead? It heavily depends on how you do it!' Mega trends concern everyone, but not everyone needs to be concerned. Those who are prepared and know how to evaluate current developments will be in pole position when it comes to accessing new customers with new products and services. The decisive part is the mindset.

*Mega trends concern everyone,  
but not everyone  
needs to be concerned.*

Haas, who has been part of over 100 product launches, will be speaking at GlobalPETS Forum to show that the future is not really that complicated. His audience will learn from many cross-sectoral examples – and all of them are based on the here and now. No 'futurology', but facts and learnings from real life: international, across all trades and certainly eye-opening for pet industry professionals. After all, who would have thought a few years ago that there would be a market for products that help to remotely entertain pets with a smartphone when the owners are not at home? (Or even when they are!) Will we soon have robots for that task, which will give us even more time for self-optimisation?

In a world where noodles with insects are no longer thrown away but have become the latest must-have and where the neighbour's lawn-mowing robot is the new status symbol, the challenges organisations are facing today are completely different from anything they have dealt with in the past. Change is constant, also in the approach to pets.

Mathias Haas, who, by the way, has been surrounded by cats all his life, will take his audience at GlobalPETS Forum on a journey into a new way of looking at things. Don't worry: it is not about programming algorithms – it is about what you (and others) can do with them. It is about inspiration, about new ways of thinking. It is about making the right decisions at the right time – for the time to come: the future! ♦



**Mathias Haas**  
THE TRENDWATCHER.  
[trend-watcher.de](http://trend-watcher.de)



# The changing pet product supply chain

## How developments in the retail industry are affecting the delivery of products and services.

### The impact of new technologies

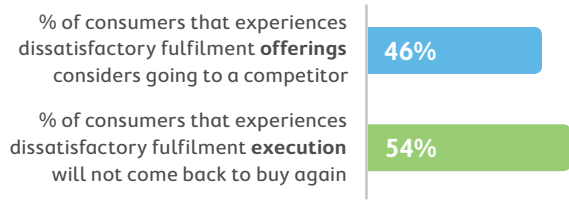
Everybody is aware that the face of pet retail is changing. New technologies are shaking up the industry and creating fresh opportunities to target consumers, personalise marketing events and integrate brick-and-mortar stores into the retail supply chain in a way that will accelerate business. These new technologies play a fundamental role in fulfilling consumer demand by ensuring product availability or enabling other options.

These developments make 'The changing face of pet retail' a perfect theme for the GlobalPETS Forum in January 2019. As one of the speakers at this forum, Deloitte will be talking about how the changes in retail are affecting the pet product supply chain.

### Consumer expectations: they want it now

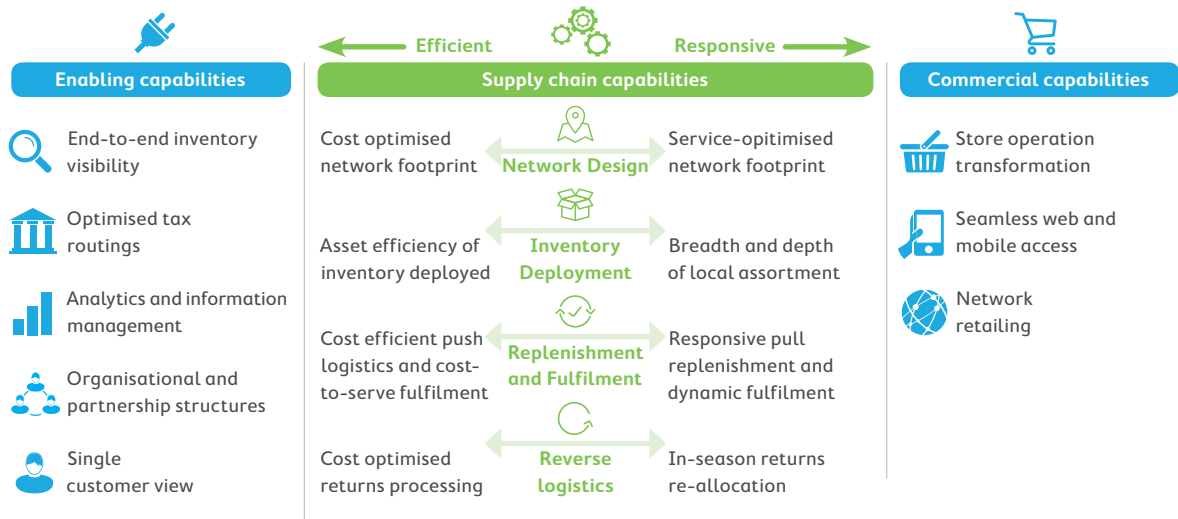
It is obvious that when a consumer orders something, they expect it to be available. In fact, this is the most basic notion at the heart of retail. But today's consumers expect products to be available to them

at any time and any location. And because leading retailers can deliver this seamless availability, anything less is a recipe for disappointment.



To have the right to play, consumer preferences need to be the centrepiece  
*(Source: Think Big, Start Small, Connect Now! Omnichannel Fulfilment in 2017)*

If you are struggling to provide seamless services to your consumers, you are not alone. A significant number of retailers have not managed to master seamless fulfilment services just yet. And the results can be significant, leading to unavailable products, increased lead times and, eventually, reduced revenue and bottom-line performance.



The trade-off between efficient and responsive determines your delivery promise  
 (Source: Think Big, Start Small, Connect Now! Omnichannel Fulfilment in 2017)

### Retail purpose: delivering the promise

Increasing customer expectations put pressure on the traditional retail supply chain. In the past, focus has been on efficiency gains, economies of scale and centralisation, but delivering on the promise to the consumer requires a different mindset. For example, reduced lead times and express delivery services are difficult to provide with a network solely based on centralised stock, purely due to the increased distance to the consumer. On the other hand, an increased focus on responsiveness and localised stock puts pressure on margins, and the trade-off between 'efficient' and 'responsive' should be made carefully.

However, to win in the marketplace, a shift from cost-based supply chains to consumer-centric supply chain solutions is key. Innovative solutions are a must. For example, have you ever thought of subscription-based models to capitalise on stable demand for pet food?

#### Case example 1: dynamic inventory fulfilment

A leading US-based fashion retailer integrates inventory visibility throughout the supply chain (e.g. stores, distribution centres) to optimise customer delivery. For example, when lead times from the distribution centre are not sufficient, store stock can be activated to deliver to the consumer fast.

### Upstream integration: act now!

The changing face of retail will not be a transformation on the retailer's side only. On the contrary, it will change the entire chain from farm to fork. Improved availability of information, better decision-making tools and an increased focus on flexibility will create a new competitive landscape where questions about the role of the distributor will – and should – be asked.

▶ SEE NEXT PAGE

Moreover, the producers in the pet industry need to support leading retailers in their purpose of delivering on their promise. In all industries, the upstream supply chain is changing, and leading firms are taking a proactive approach rather than a reactive one.

#### Case example 2: supplier ecosystems

A leading grocery chain provides another excellent example of how to optimise the supply chain. The retailer's IT bridge gives suppliers full access to its inventory data and sales data by item, store and date. By empowering suppliers with this level of transparency, production runs are timed more accurately. Suppliers can specialise and compete against each other to improve product demand. They can share forecasts, planning assumptions, stock rates, pricing, fill rates and returns with the grocery chain as they position themselves to gain more shelf space and increase the grocery chain's buying power. This multi-entirety supply chain planning has allowed revenue to grow year on year by 13%, creating a win-win scenario for the retailer and its suppliers.

#### Abundance of choices: prioritise your investment

There are plenty of decisions to make, but luckily also plenty examples of how other manufacturers, distributors and retailers have responded to the latest developments. During the GlobalPETS Forum we will take you through the challenges, the trade-offs and present a couple of case examples to you. Let's meet there and discuss! ♦



**Mark-Jan Grootenboer**  
Senior Manager Deloitte Consulting  
MGrootenboer@deloitte.nl  
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Odessa is the big sister that I have not yet had. She is always close to me and together we spend beautiful moments. My favorite? The return from school! After an assault of pampering finally snack! For me the mother's cake, for her her favorite snack, the pumpkin one. A full of energy, because then ... there are the tasks to do together!

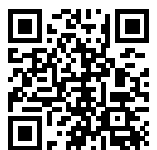


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# The No-Compromise Game

Clear and obvious answers for coping with a changing market.

## The only certainty is change

These are tumultuous times for companies in the pet market. The online channels are becoming stronger, bringing along a whole new set of rules. Mammoth e-commerce players are entering markets one by one. Non-specialised retailers have started selling pet products too, reducing the prices and margins while they're at it. And then there are new consumer trends. It sometimes seems that the only certainty is change.

## Misinterpreting market shifts

As a result, industry executives worldwide are seeking to change their companies as well. The big question is *how*? In my role, I see too many bosses plunging their companies head-first into wild adventures, without fully understanding why. This can result in big, self-inflicted declines and even bankruptcy, all because they only partly understood, overrated or misinterpreted the market shifts. The problem is that most bosses are busy with the day-to-day running of the company. The sound of words like 'Amazon', 'big data', 'sustainability' and 'e-commerce' fills them with fear, and they have no clear strategy in response.

## Practical takeaway tools

Playing the No-Compromise Game is a great way to gain a realistic view of market developments as well as getting some practical takeaway tools. All you need is a pen and paper.

The No-Compromise Game does three simple, but wonderful things:

1. It explains what is actually happening in your sector today
2. It predicts what will happen in the coming years
3. It ends all time-consuming discussions about what is happening and what might be the best strategy to cope with the shifts, by giving you clear and obvious answers.

The game has the power to align the opinions of board members and everybody else in the company by revealing what is happening and then by making it clear what action is necessary in order to be successful (again). The No-Compromise Game provides answers to questions like: How does the consumer see our company, and how do they see our competition? Why has the consumer switched to a new competitor? How can we win back their trust? What should we do about Zooplus, Amazon, Alibaba, et cetera? It is an insightful, and also very entertaining way of truly understanding the shifts in your market, giving you the perfect foundation for formulating an effective strategy. ♦

Rik Eysink Smeets will present the No-Compromise Game at GlobalPETS Forum.



**Rik Eysink Smeets**  
Retail consultant  
rik@eysinksmeets.com  
eysinksmeets.com

# The GlobalPETS Forum Award

Each year, the GlobalPETS Forum Award is presented to a company demonstrating an exceptional performance in the international pet industry. The Award is a prestigious prize and winners are truly honoured to be put in this spotlight.

Last year, Prins Petfoods won in acknowledgement of the thorough way they implement offline and online communication, and the innovative way in which they have adapted a future-proof omni-channel approach.

Who will be the winner in 2019?

2018



Prins Petfoods THE NETHERLANDS

2014



Vafo Praha CZECH REPUBLIC

2010



Fressnapf GERMANY

# Previous winners



**2017**  
West Paw Design UNITED STATES



**2016**  
Valta Pet Products RUSSIAN FEDERATION



**2015**  
Biogance Srl FRANCE



**2013**  
Pet Lovers Centre SINGAPORE



**2012**  
Vital Petfood Group DENMARK



**2011**  
SPF FRANCE



**2009**  
Tetra Europe GERMANY



**2008**  
Rolf C. Hagen CANADA



**2007**  
Kölle Zoo GERMANY



**2006**  
ROGZ SOUTH AFRICA



**2005**  
Koch Heimtiernahrung AUSTRIA



**2004**  
Pets at Home UNITED KINGDOM

# And the nominees are...

## P.L.A.Y. UNITED STATES



P.L.A.Y. may be a younger brand in the pet industry but the company is dynamic and quick to adapt to the rapidly changing retail landscape. From adapting to omni-channel distribution, to evolving its marketing and customer service effort to create personalised experiences that engage customers beyond sales, P.L.A.Y. embraces the challenges and embodies the mindset that customer-focused brands today need, to work hard on many new areas to win the trust and loyalty of customers.

## Cat in a Flat UNITED KINGDOM



Cat in a Flat is a successful example of a lean, disruptive start-up. It has set out to breathe new life into the traditional pet sitting industry by creating a new platform for retailers and insurers to promote their products to relevant customers. After just three years, Cat in a Flat now helps cat owners find their perfect and affordable cat sitters in the UK, Ireland, the Netherlands, Germany and Austria.

## Wahl GERMANY



With its Moser test station, Wahl has created a unique shopping experience for customers as they can now feel, hear, see and try the clippers directly in stores. So far over 1,500 test stations have been installed in Europe. Shops with the test station are selling now up to ten times more than before and can also give better advice. Moreover, the end customers receive extensive coat care information through grooming instructions and can contact Wahl directly on social media.



## V-dog UNITED STATES

Since 2005, V-dog has been on a mission to provide healthy, delicious food for dogs while prioritising compassion for all pets. The ingredients in the company's complete and balanced vegan kibble are not just nourishing for dogs, but also gentle on Earth's resources. The V-dog kibble is powered by pea protein, making it an excellent fit for all dogs, including those with allergies and sensitivities.

**Petformance** ITALY



Petformance has made a big effort in order to be closer to its customers entering a challenging market: the pharmacies. It has also provided courses and training to hundreds of pharmacists about the common needs and diseases of pets. Furthermore, the company has enlarged the boundaries of the pet retail world thanks to adding pharmacies to the mix of vets/trainers/customers. All the products are based on the knowhow and expertise of pharmacists.

**Dingonatura** SPAIN



Dingonatura is a pioneer in cooking natural food for dogs, with the goal of providing them with health and life expectancy through the food. During its 20-year history, the company has created a community and adapted itself to a constantly evolving sector. At the same time, Dingonatura has reached a prestigious position thanks to the quality of its products, its human team, respect for the environment and for pets as well as its strong partnerships.

**Company of Animals** UNITED KINGDOM



Company of Animals has a genuine love and passion for pets and their owners, and believes that good contact with the pet owner is always more important than the product in the box. The company is like family, united in the belief that the relationship between an owner and their dog should be one of the most enriching relationships, and it is the company's privilege to make that possible.



**Fish4Dogs** UNITED KINGDOM

Fish4Dogs is a success because of the partnership it creates with its customers on such an emotive journey as dog ownership. Whether through a one-to-one relationship with one of its international distributors, a pet shop implementing the loyalty scheme, or a new puppy owner getting their first puppy pack from one of the company's ambassador breeders, Fish4Dogs is a genuinely trusted part of this journey. These relationships are the reason the company continues to succeed.



Manaus

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Cuzco

Curaba

Brasilia

Belo Horizonte

Lima

Santiago

CHILE

Santiago

Sao Paulo

Rio de Janeiro

# South America

The pet care market in South America is growing faster than the global average. Brazil, with its many cat lovers, is going through just as many changes in the retail market. With the world's fifth largest human population, Brazil has the third largest population of cats on the planet.



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# Cat ownership drives pet care growth in Latin America



Despite economic and political problems in several Latin American countries in recent years, the pet industry remains resilient.

## Growth rates higher than global average

Unstable political scenarios in Latin America have affected consumption in several categories of fast-moving consumer goods. This was particularly noticeable in Brazil, Argentina and Venezuela, while the financial climate in Chile and Peru was less challenging. But the pet care market has remained resilient, growing faster than the global average – 7.2% annually between 2013 and 2018 versus a global rate of 3.4%.

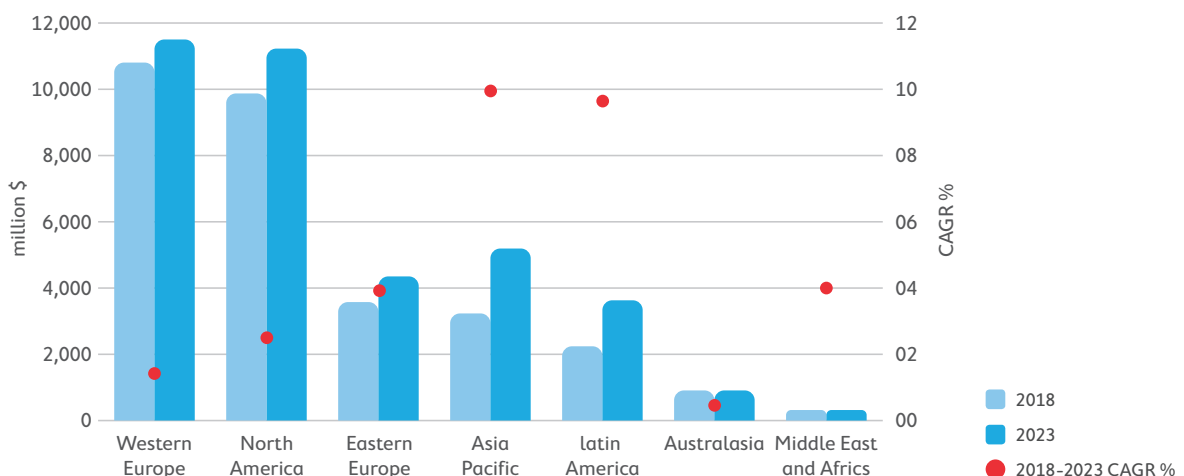
In terms of total spending, the region ranks third behind North America and Western Europe

but there is still significant room for growth. While North Americans currently spend around \$140 (€119) per person on pet products, Latin American expenditure is only \$20 (€17).

## Why more cats?

Birth rates may be falling in most countries but pet populations are growing, particularly cats. One reason for this is urbanisation. Cats are more suited to smaller living spaces than dogs. Cats also require less attention (and no walking outdoors), making them less time-consuming. They consume less food too, even when compared to smaller dogs.

Sales of cat food per region 2018-2023

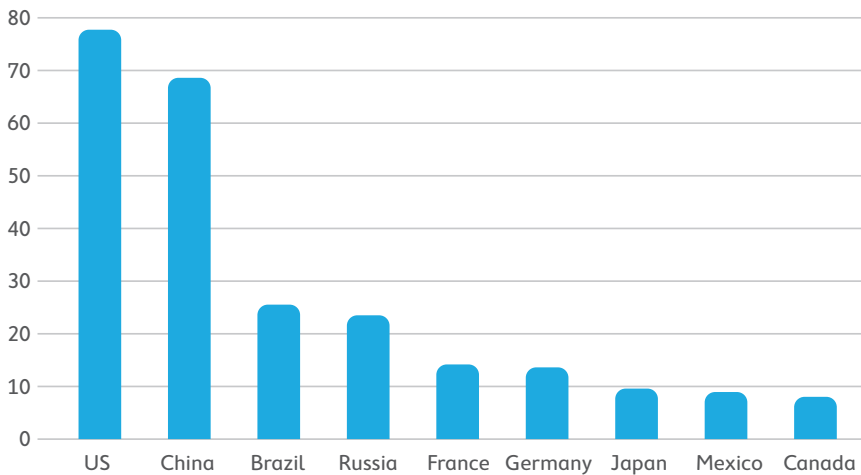


Note: Values in constant 2018 prices. Source: Euromonitor International



**Top 10 countries ranked by cat population size**

*Animals in millions*



The annual average growth rate (CAGR) forecast for 2018-2023 for the Latin American cat food market is 10%, based on good performance in markets such as Brazil, Mexico and Chile.

**Brazil drives Latin America's cat food sales**

Brazil has the third largest population of cats in the world and is among the top ten countries for cat food. In 2017, cat food sales grew by 10% in retail value, reaching \$934 million (€792), and by 5% in volume to reach 187,430 tonnes.

There is now increased segmentation in cat food, including products with functional benefits tailored to life stages, appearance and health. Mars has a Royal Canin product specifically for 'indoor long-haired adult cats'. A step further is functional food for certain conditions, such as products for neutered cats. Cats are usually less active after the procedure so require special dietary attention. For example, food with a higher water content as they tend to drink less fluids.

Other product variations include hairball care, low calorie food, digestive care, and hair and skin care. These premium offerings drive higher growth in value than in volume terms.

**Promising future due to humanisation**

While there is no consensus on the direction of Latin American economies, growth in the pet care products market is expected to continue in the next five years due to humanisation.

Owners are increasingly aware of their pets' needs and willing to spend more on pet health, appearance and comfort, as well as on products they believe will make their pets live longer. Cat food should continue to perform better in Brazil than in the overall market, with an average annual growth rate of 7% between 2018 and 2023. ♦



**Caroline Kurzweil**  
Food and Nutrition Associate,  
Euromonitor International  
press-london@euromonitor.com



Petland BRAZIL

# Expanding in a fragmented market

With a presence in nineteen countries, Petland brought to the Brazilian market the unique concept of pet retail management.

## From Ohio to Brazil

Inspired by Disneyland's entertainment philosophy, Petland was founded in Ohio in 1967 with the idea of enhancing interactivity between humans and animals. In the mid-1970s, the company began its expansion process via franchises. Currently, the brand has a global positioning with a presence in nineteen countries. All operations outside the US are carried out by local entrepreneurs.

## Third largest market

Petland launched in Brazil in May 2014 and quickly expanded. Brazil is the world's third largest market in terms of turnover, with the second largest population of dogs and cats on the planet. It is growing at an average of 7% a year and has the largest number of veterinary graduates in the world.

## Veterinarians as shop owners

What is exceptional about Brazil is the fragmentation of its market. It has more than 40,000 shops, 95% of which are operated by owners of only one or two units. Nearly 50% of these shop owners are veterinarians. The market is therefore lacking in terms of management and training, which gives Petland an excellent opportunity to be part of the process of consolidation of the Brazilian pet industry.

Petland has visited more than 1,500 shops in fifteen different states. "The culture of going into the field is part of our DNA," says Rodrigo Albuquerque, CEO of Petland in Brazil.

The franchise operates with a business model consisting of four pillars:

- service based on providing the customer with information
- a real shopping experience with spaces for people and animals
- social responsibility, working with NGOs for both animal protection and humans
- fair price policy

The company has a comprehensive support package for franchisees that includes:

- seven brick-and-mortar Petland universities
- one online university (Extranet)
- PSP – the Petland Support Program, with consultants that visit stores, issue performance reports and provide guidance to franchisees
- management tools: dashboards integrated into the company system, application for the franchisee and several CRM tools
- events and sales conventions

## South America

Shops in Brazil are small (100 sqm), medium (400 sqm) or large (1,500 sqm), and operate in all types of areas, classes A to D, in shopping streets and indoor shopping centres. This enormous expansion horizon has allowed the company, after only four years of operation, to become the largest chain in Brazil with 85 units in thirteen states. Their goal is 400 shops by 2022.

With the Petland operation in Brazil performing so well, Brazilian entrepreneurs are now searching for new opportunities across Latin America.

### Veterinary clinics

Another franchise company, Dra. Mei – Rede de Clínicas Veterinárias, has now been set up to operate within Petland units or independently. There is much room for professionalisation of veterinary medicine in Brazil. The new company only recently started up and already has five units. The goal is to have 250 clinics throughout Brazil by 2022.



### Brasil Pet holding company



1. 250 veterinary clinics (2022)
2. Training and leadership development centres for the pet market
3. Centralisation and exclusive distribution for the Petland chain
4. Master franchise for Latin America
5. Virtual sales platform (franchise) with defined scope
6. Shop brand

### Shop brand and logistics

Another innovation about to be introduced is products under the brand name Pet Choice: cat litter, toilet pads, snacks and beds will be sold in the pet shops. Franchisees can also make use of LogLand, a distribution centre for product storage.

The diagram above shows all the companies and operations within the Brazilian Petland group. ♦

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# Growth and specialisation in pet retail reflect maturity of Brazilian market

**Brazil is a fast growing pet market. What are the numbers and the latest trends?**

## Family members

The pet market in Brazil saw positive numbers in 2017, with growth and a sharp rise in professionalisation, helping the sector to earn R\$32.92 billion (€7 billion/\$8 billion) in revenue last year. The pet sector, which employs around 1 million people in Brazil, benefits from the profile of its customers. Brazilians have a special relationship with their pets, who are considered to be true members of the family.

## How many pets?

According to the latest survey from the IBGE (Brazilian Institute of Geography and Statistics), there are over 132 million pets in the country. This number breaks down into 52 million dogs, 38 million birds, 22 million cats, 18 million fish and around 2 million other small animals. This gives Brazil the fourth largest pet population worldwide, trailing China (289 million pets), the US (226 million) and the UK (146 million).



### Retail landscape

It is within the increasingly solid structure of this relationship between pets and their owners that there are prospects for market growth. Specialised retailers (pet shops) account for the largest share in the sector's performance, bringing in R\$26.61 billion (€5.6/\$6.5 billion) followed by animal sales at R\$4.28 billion (€0.9 billion/\$1.05 billion) and pet food retailing (supermarket sales of pet food) coming in at R\$2.03 billion (€0.4/\$0.5 billion).

### Recent developments

Innovative business models – and even new jobs – have been created in Brazil because of pet market growth resulting from the pet's place in the Brazilian family.

Many professionals like dog walkers and pet sitters are already well established in the country, along with services such as hotels and hospitals plus specialised treatments for pets. Brazil is now experiencing a new phase in this phenomenon: super-specialisation of the pet market. Products such as cosmetics and furniture made exclusively

for pets are already a reality in the country, along with funerals and funeral planning geared towards pets.

Data also points to another revealing phenomenon: increased professionalisation of specialised retailing. Brazil has seen the growth of small pet shop chains: over 200 companies with between 2 and 30 stores, within a universe of 30,450 stores.

Another step in this professionalisation is the current trend of franchises, especially in major urban areas. This means increased competition, and franchises are gradually starting to replace neighbourhood pet shops.

### High taxes

All of this is surprising, considering that the pet food segment is heavily taxed in Brazil, which has a significant impact on product prices and makes many products inaccessible for C, D and E classes of consumers. Altogether, taxes account for 52.1% of the product's retail price, a bottleneck that inhibits the sustainable and economic development of the pet sector. Brazil has the highest taxes in the world. In Europe, the pet industry is subject to taxes of around 18.5%. In the US, taxes are less than 7%.

Based on its data collection and all the opportunities available, Pet Brasil Institute believes that, with an increased focus on knowledge and innovation, the pet industry in Brazil will see further growth in both volume and value. This, in turn, will strengthen its position in the global market. ♦



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institutopetbrasil.com



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**Farm Company ITALY**  
**Nylon Deluxe**

Nylon Deluxe is Farm Company's new collection for safe and comfortable pet walks. Leashes have 2 padded handles: one classic handle and one adjustable shortholder. The innovative Secur Fit harness has 3 connecting points: a back connection, a chest connection for Easy-Walk training and a semi-choke neck connection for training and anti-escape system.

**Farm Company Srl**  
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**Italfeed srl**  
info@italfeed.com  
italfeed.com

**Nature's Protection LITHUANIA**  
**The new Superior Care standard**

Nature's Protection has paved the way in providing super premium diets based on true nutritional needs of dogs and cats. In a short period of time the brand spread throughout the globe and built a solid reputation by its outstanding results.

So far this has led to several breakthroughs in the Nature's Protection Superior Care line. Research into the causes of brown discolouration around the eyes, mouth and paws of dogs resulted in the 'White Dogs' diet. Shortly after, another product helped red-coated dogs to maintain their magnificent hue with the 'Red Coat' product.

However, the unbeaten tracks have not revealed all their wonders yet! Focus was put on resolving issues with black-coated dogs who lose their pigmentation. And now the Nature's Protection Superior Care Black Coat product is born.

**Akvatera Ltd.**  
info@naturesprotection.eu  
naturesprotection.eu





**Lex&Max THE NETHERLANDS**  
**Unique wooden cat furniture!**

The Lex&Max assortment has expanded with a beautiful wooden cat tower with industrial look. This piece of furniture is a real eye-catcher in every living room. The Industrial cat tower, including a big scratch board and cozy cushions made of 100% quality velvet, is unique in the pet branch.

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**Lex&Max B.V.**  
 info@lexenmax.nl  
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**P.L.A.Y. Pet Lifestyle and You UNITED STATES**  
**Pet Teepee**

Now pets can lounge comfortably in P.L.A.Y.'s Horizon Pet Teepees! Using the same durable woven fabric featured on our popular Horizon Pillow Beds, these teepees create a safe and cozy place for pets to hideout, while adding a beautiful motif to homes. Designed for easy set-up, they feature a durable and washable cover, pine wood poles and removable interior cushion.

**P.L.A.Y. Pet Lifestyle and You**  
 info@petplay.com  
 PetPLAY.com



**Omega Sea UNITED STATES**  
**Celebrating 20 years**  
**with a brand new**  
**look!**

In celebration of 20 years in business Omega One is introducing a new label design. The new look focuses on Omega One's most unique and important selling point - whole, fresh seafood ingredients.

Omega One is the only dry fish food on the market which does not use pre-processed proteins such as fishmeal or hydrolysates. It is uniquely manufactured with wild-caught Alaskan seafood.

**Omega Sea, LLC**  
 customercare@omegasea.net  
 omegasea.net



**Gustaf&Evita SWEDEN**  
**Tasteful designs for the modern dog owner**

Gustaf&Evita produces collars, harnesses, leashes, coats and accessories with a story and thought developed over time by its loyal customers. Breathing function in tasteful designs made from high-quality materials, the company is now hungry to meet a larger market outside of Scandinavia, with an eye for boutiques whose primary concerns are fashion and trends. The mission is clear: to be a preferred choice for the modern dog owner.

**Looking for retailers!**

**Gustaf&Evita Scandinavia Ltd**  
 boutique@gustafevita.se  
 gustafevita.boutique





**AusPet**

19 to 21 October 2018

Gold Coast Convention & Exhibition Centre  
Broadbeach, Queensland, Australia

🔗 [auspet.net.au](http://auspet.net.au)



**K-PET Fair**

**Korea's Pet Industry Fair**

23 to 25 November 2018

KINTEX, Ilsan, South Korea

🔗 [www.k-pet.co.kr](http://www.k-pet.co.kr)



**PETS TODAY 2018**

19 to 21 October 2018

Athens International Airport,  
Athens, Greece

🔗 [2018.petstoday.gr](http://2018.petstoday.gr)



**Expozoo**

10 to 11 January 2019

Paris Porte de Versailles, Paris, France

🔗 [expozoo.com](http://expozoo.com)



**India International Pet Trade Fair**

26 to 28 October 2018

NSIC Exhibition Centre,  
New Delhi, India

🔗 [iiprf.com](http://iiprf.com)



**GlobalPETS Forum**

23 to 25 January 2019

Grand Hotel Huis ter Duin  
Noordwijk (Amsterdam Beach),  
The Netherlands

🔗 [globalpets.community/globalpets-forums](http://globalpets.community/globalpets-forums)



**Pets Arabia**

30 October - 1 November 2018

United Arab Emirates

🔗 [petsarabia.com](http://petsarabia.com)



**PATS Sandown**

10 to 11 February 2019

Sandown Park, Esher, United Kingdom

🔗 [patshow.co.uk/pats-sandown-2019](http://patshow.co.uk/pats-sandown-2019)

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